THE BCCI SCANDAL

'The biggest bank fraud in history'

Sheikh Zayed, Agha Hassan Abedi and Robin Leigh-Pemberton (left to right): key faces in the BCCI scandal. Part one of a seven-part FT investigation ....Page I

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend November 9/November 10 1991

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WORLD NEWS

EC imposes economic sanctions on Yugoslavia

The European Community imposed immediate economic sanctions against Yugoslavia yesterday because of the repeated failure of its warring factions to respect ceasefire commitments.

In spite of the decision, taken at an extraordinary meeting of the Twelve in the margin of the Nato summit in Rome, Yugoslav forces intensified attacks on the rebel republic of Croatia and threatened to hit it with missiles.

Page 24. Yugoslav economy 'faces collapse', Page 2; Nato fails to agree, Page 24

Second minister sacked

Irish premier Charles Haughey sacked a second cabinet rebel, environment minister Padraig Flynn, for agreeing to back a no-confidence motion in Haughey's leadership of the Fianna Fail party to be debated today. Page 2

S Korea N-arms pledge

South Korea's President Roh Tae Woo said his country would not make, use or store nuclear weapons. Page 3

Maxwell funeral plans

Robert Maxwell will be buried tomorrow on the Mount of Olives in Jerusalem. Page 24; Lex, Page 24; European press review, Weekend VIII; Dominic Lawson, Weekend XVIII

IRA man jailed for life

IRA terrorist Martin Gervin, 23, was jailed for life for his part in the murder of Staff Sergeant Kevin Arthur Froggett, of the Royal Corps of Signals, at Coalisland RUC station in County Tyrone, Northern Ireland, in September 1989.

Paris air chaos

A strike by air traffic technicians and computer failures provoked cancellations and long delays for flights to and from Paris's two main airports, Orly and Charles de Gaulle.

Labour seeks statement

Britain's opposition Labour party called for a government statement on the Health Department's involvement in the leaking of a draft report from the all-party health committee of MPs.

Bulgarian PM approved

Bulgaria's parliament approved anti-communist leader Philip Dimitrov as prime minister and prepared to vote on the country's first non-communist government in four decades.

ANC accuses de Klerk

The African National Congress accused President F.W. de Klerk of backing down from apartheid reform after he vowed never to allow the ANC to take power in South Africa.

Joyriders sentenced

Two schoolboy joyriders who killed a baby in his pushchair as they tried to escape the police last November in Newcastle upon Tyne were sentenced to two years' detention by Newcastle Crown Court.

'Magic' Johnson to retire

"Magic" Johnson, who led the Los Angeles Lakers basketball team to five NBA championships, has tested positive for the Aids virus and is retiring from the game. Page 3

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BUSINESS SUMMARY

Bristow sold in £200m management buy-out

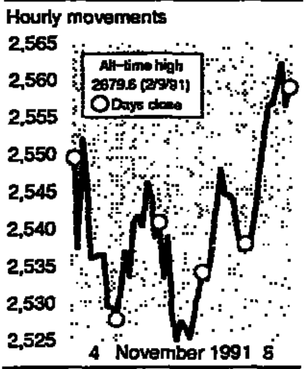
Bristow Helicopter Group, the UK-based helicopter operator, has been sold in a £200m management buy-out which brings the Cayzer family back among its shareholders.

Bristow, founded by Alan Bristow, was sold by Rochfield, a company owned by Swedish investors. Rochfield bought it in 1990 as part of Bricom, a former subsidiary of British & Commonwealth Holdings the financial services group which failed last year. Page 24; Lex, Page 24

KRUPP and Hoesch, the German steel and engineering companies, have set a deadline of mid-February by which they intend to reach basic agreement on a possible merger. Page 12

LONDON equities: The final reading left the FT-SE Index at 2,559.0, for a net gain of 21 points on the session. The market has moved uncertainly this week, gaining a net 9.5 on the Footsie, as the Autumn Statement on the UK economy has failed to dispel the growing uncertainty over the UK political outlook. Over the two week trading account, equities have gained 44.3 or around 1.8 per cent, largely reflecting improved economic confidence, buttressed by trading reports from leading British companies. London stocks, Page 15; Lex, Page 24

FT-SE 100 Index



NATIONAL Home Loans Holdings, the mortgage and financial services group, said it would pay no final dividend on either its preference or its ordinary shares after bad debt provisions drove it into heavy losses in the year to September 30. Page 10; Lex, Page 24

UNILEVER, the Anglo-Dutch consumer products group, was helped by strong performances by ice cream and detergents in Europe, improved results in North America and lower interest costs to increase third-quarter pre-tax profits by 10 per cent, from £496m to £545m. Page 10

ROLLS-ROYCE, the UK aero-engine company, has reached an agreement with McDonnell Douglas to provide its heavy-thrust Trent engine to power the US aircraft maker's new long-range, 375-seat MD-12 airliner. Page 7

JAPAN: the country's leading steelmakers reported sharply lower profits in the first half to September, blaming the decline on the slowing of the domestic economy and on an increase in labour and raw materials costs. Page 12

ALAN PAUL: the recently-appointed chairman of the hairdressing group announced an independent inquiry into the company's finances and then resigned. Page 10

20,000 jobs at risk in tax office reform plan

By John Willman, Public Policy Editor

BRITAIN'S Inland Revenue could cut as many as 20,000 Civil Service jobs by centralising tax assessment in large regional centres.

This is one of the options under consideration in an efficiency review of the tax collection system.

The review, undertaken by management consultancy Arthur Andersen, was commissioned by Inland Revenue management as part of plans to reorganise operations into 33 "executive offices".

The Inland Revenue yesterday refused to comment on the review, which is due to report to ministers and the Inland Revenue board later this year. Mr Francis Maude, treasury minister, is thought to have encouraged radical options.

The Arthur Andersen review suggests closing many of the 750 local offices which assess and collect income tax and capital gains tax. Much of the routine work would be concentrated in 10 to 20 large, high-tech service centres.

The Inland Revenue already concentrates data-processing work for the computerised assessment of pay-as-you-earn (PAYE) income tax at 12 regional centres.

But most of the Inland Revenue's 67,000 staff work in local tax offices dealing directly with taxpayers and employers who collect PAYE. They process tax returns, issue assessments and coding notices and collect Schedule D income tax from the self-employed.

A slimmed-down network of local offices would remain to chase up taxpayers and to investigate tax evasion. They would also act as local points of contact for taxpayers.

Thousands of routine secretarial, administrative and managerial jobs in local offices could be eliminated. Job losses would be even higher if optical character recognition technology was adopted to read tax returns, as the Arthur Andersen review suggests.

A senior Inland Revenue manager recently denied rumours that as many as 20,000 jobs could go. But union officials believe job losses could exceed 10,000 if the option was adopted in its entirety.

Details of the plans were leaked after senior managers were briefed at a seminar in Cambridge early in October. At the seminar, Sir Anthony Battishill, Inland Revenue chairman, warned that improving cost-efficiency meant asking searching questions about organisation. "There needs to be a constant search for better and more economical – but equally effective – ways of doing the job," he said.

The Inland Revenue Staff Federation, which represents most tax staff, argues that a proper network of offices is needed to give taxpayers good and locally based service.

Writing in the latest issue of the IRSF journal, Assessment, the general secretary Clive Brooke warns that the union will expect to be consulted on the plans before giving its co-operation.

Arthur Andersen has undertaken similar reviews in Australia and Ireland. It also advised the UK Department of Social Security on its operational strategy which has "re-engineered" benefit payments so that claimants deal with a variety of benefits at one contact point, while the processing of claims and payments is centralised elsewhere.

A weeping Vietnamese woman being dragged by security officers yesterday from a camp on a remote island in Hong Kong to Kai Tak airport. She and 58 other boat people will be forcibly repatriated to Vietnam today. Repatriation resumes, Page 3

Major puts on brave face over by-election defeats

By Alison Smith and Peter Marsh

MR JOHN MAJOR, the prime minister, yesterday sought to shrug off the dismal Tory performance in Thursday's three by-elections by saying that Labour had not done well enough to win an overall majority at a general election.

In spite of the prime minister's bullishness, the Tories were facing a dilemma over their position in Scotland. The loss of the Kincardine and Deeside seat to the Liberal Democrats left them as only the third largest force in Scottish politics, with just nine seats out of 72.

Opposition parties immediately stepped up the campaign for a Scottish parliament. Although ministers claimed that losing the seat made no difference to their right to govern, pressure will intensify for a commitment to some form of devolution in the Tory manifesto.

Major will have to dispel clouds of defeat ....Page 8
Two cycles out of synch ....Page 9
Lex ....Page 24

Mr Neil Kinnock, the Labour leader, called the results "a very fine night for Labour". The party took the marginal Tory seat of Langbaurgh, in Cleveland, north-east England, and held its stronghold of Hemsworth, South Yorkshire, in which the Tories slumped to third place behind the Liberal Democrats.

Mr Kinnock predicted that the Tories' difficulties meant that Mr Major would delay the election – which must be held by mid-1992 – even longer than he had intended.

The prime minister claimed that the results showed "the Labour party cannot win an election. The swing from Conservative to Labour was tiny, far tinier than we have seen in the past and far below what they would need for a general election victory. They must be very depressed."

Investors interpreted the by-election results as being less negative than expected to the chances of a Tory government being returned to power next year and pushed share and bond prices higher.

Speculation that the government might soon cut interest rates from their current 10.5 per cent also had some effect in increasing buying activity.

The FT-SE 100 index of leading stocks gained 21 to 2,559, while UK government bonds (gilts) gained ¾ point. Prices were helped by a strong performance on other European stock markets, particularly in Paris, Frankfurt and Zurich.

BCCI fraud leaves Abu Dhabi with $9.4bn exposure

THE TINY oil emirate of Abu Dhabi has a total exposure to the scandal-ridden Bank of Credit and Commerce International of $9.4bn (£5bn), according to figures assembled for the first time by the Financial Times.

Abu Dhabi is the majority 77 per cent shareholder in the bank which was shut down in a worldwide swoop by regulators in July. The story of BCCI's rise and fall is told in a seven-part FT series which begins today.

The $9.4bn total, which has not been challenged by Abu Dhabi's representatives, consists mainly of the huge sums – more than $6bn – which Abu Dhabi committed in a vain attempt to prevent the bank's collapse in the last 15 months of its existence. The remainder consists of earlier investments in the bank and related entities, official deposits lost at the closure, and costs incurred since the shutdown.

Abu Dhabi may recoup some of this as the bank is liquidated, but over half, the FT believes, is gone for good.

The FT reveals that Sheikh Zayed bin Sultan al-Nahyan, the ruler of Abu Dhabi, made one of his biggest commitments to BCCI – some $2.2bn – at a dramatic encounter with the bank's president, Agha Hasan Abedi, in early 1990. Abedi, recovering from a heart transplant operation, flew to Abu Dhabi to make a plea to the ruler to save his bank. The ruler is reported to have said: "You look after your health. I'll look after your bank."

It was not until several months later that the ruler learnt that he had been asked to bail out what is now estimated to be the largest banking fraud in history.

Behind closed doors
Weekend FT, Page I

Small businesses to have more choice in gas supply

By Alison Smith

SMALL businesses will be able to choose a supplier other than British Gas through a progressive opening up of the market after the general election, Mr Peter Lilley, the trade and industry secretary, said yesterday.

He was speaking at the launch of a bill to strengthen the regulation of the privatised utilities. Domestic customers of all the utilities could benefit within the year from the tougher standards of service – including set appointment times – and compensation proposals envisaged, together with approved and publicised complaints procedures.

Competition in gas supply is unlikely to affect household users until after a further review in 1996.

The bill will initially reduce British Gas's monopoly limit on customers using less than 25,000 therms a year to those using less than 2,500. The move would add a further 7 per cent of the market to the 35 per cent of large users enjoying competition of supply. The bill gives all the regulators of the privatised utilities powers to set both individual and overall standards of service, and devise compensation arrangements where these are not met.

The four regulators, covering the water, gas, telecommunications and electricity industries, will also be able to settle disputes between utility and customer about, for example, the accuracy of bills.

Lex ....Page 24

Mr Lilley rejected the suggestion that the measure, which derived from the Citizen's Charter, was a sign that privatisation had failed to deliver better services to the customer. He said it built on the success of the privatised regimes and would enable the independent regulators to be even more effective.

Commending the "gradualist" way in which competition was going to be extended, Mr James McKinnon, director-general of gas supply, said it would give time for competitors to get into place. British Gas also welcomed the announcement.

Mr David Trippier, environment minister, said that after consultation the government would be ready to amend the bill to introduce even more competition into the water industry. At present, the bill gives Ofwat, the water industry regulator, new powers, including the ability to allow a water company to supply customers in an area where there is already a licensed supplier.

Labour called the bill "a missed opportunity", and the Consumers' Association also expressed regret that the government had not decided to carry out a "thorough review of the existing system".

The regulators expressed satisfaction with their new powers, and said they were consulting customers about what guaranteed standards of service should be set.

MARKETS

STERLING
New York lunchtime:
$1.767
London:
$1.7675 (1.78)
DM2.9025 (2.90)
FFr9.925 (9.92)
SFr2.565 (2.5625)
Y230.25 (230.75)
£ index 91.2 (91.3)

GOLD
New York Comex Dec
$355.2 (354.7)
London:
$353.95 (354.8)

N SEA OIL (Argus)
Brent 15-day Dec
$21.875 (21.925)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.643
FFr5.616
SFr1.451
Y130.5
London:
DM1.642 (1.629)
FFr5.614 (5.5725)
SFr1.4505 (1.439)
Y130.3 (129.7)
$ index 63.5 (63.3)
Tokyo close: 130.23

US LUNCHTIME RATES
Fed Funds 4⅝%
3-mo Treasury Bills: yield: 4.731%
Long Bond: 102$\frac{11}{32}$
yield: 7.907%

STOCK INDICES
FT-SE 100:
2,559.0 (+21.0)
FT-SE Eurotrack 100:
1,102.71 (+12.59)
FT-A All-Share:
1,236.43 (+0.7%)
New York lunchtime:
DJ Ind. Av.
3,057.47 (+3.36)
S&P Comp
394.3 (+0.58)
Tokyo: Nikkei
24,486.49 (+39.73)

LONDON MONEY
3-month interbank:
10¼% (10$\frac{11}{32}$%)
Liffe long gilt future:
95⅝ (94¾)

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INTERNATIONAL NEWS

Second minister sacked after challenging Haughey

Albert Reynolds: power struggle

By Tim Coone in Dublin

A SECOND senior Irish cabinet minister yesterday joined the challenge to the leadership of Mr Charles Haughey, and was promptly sacked by the prime minister.

Mr Padraig Flynn, environment minister, yesterday added his voice to that of Mr Albert Reynolds, the finance minister, who was sacked on Thursday night after calling for Mr Haughey's removal. Ms Marie Geoghegan Quinn, minister of state for European affairs, also said she would support today's no-confidence vote.

The motion to oust Mr Haughey, tabled by backbenchers of his Fianna Fail party, will be voted on at a special meeting of the parliamentary grouping of the party.

Mr Reynolds, 56, a former ballroom impresario, said yesterday he would seek the leadership if Mr Haughey, Fianna Fail leader for 12 years, is defeated.

Mr Flynn said a leadership change was necessary "to re-establish morale and achieve the massive reorganisation vital for the future of Fianna Fail".

Mr Haughey attacked his opponents yesterday, saying: "It is part of a well-orchestrated campaign to bring my leadership to an end... and to instal Albert Reynolds as Taoiseach (prime minister). I have said I will know when it is time to go and hand over to someone else, and I will do that. The vote tomorrow will not change that commitment."

Mr Reynolds however, after clearing his desk at the Finance Ministry yesterday, said that if Mr Haughey survived today's vote, he would carry on as leader until the next general election, due in 2½ years. It has been Mr Haughey's ambiguity over whether he plans to step down before spring, or carry on indefinitely, that has triggered the backbench rebellion and cabinet defections.

A recent series of financial scandals in two state companies has shaken confidence in the coalition government. Mr Haughey's handling of the crises, and his close association with several of the figures named in the controversies and pressed by him to resign, has provoked dismay and confusion among Fianna Fail members, many of whom now view him as an electoral liability.

Mr Des O'Malley, industry minister and leader of the Progressive Democrats, the junior partners in the coalition, said his party would "review the situation" after today's vote. There has been strong grass-roots pressure in his party to pull out of the coalition because of the controversies. The alliance was shored up last month with a new programme for government negotiated between Mr O'Malley and Mr Reynolds.

If Mr Haughey survives, doubts will remain whether the coalition can continue much longer.

German states want regional voice in EC

By Quentin Peel in Bonn and Alison Smith in London

THE 16 German Länder (states) yesterday threatened to reject the future European Community treaties on political union and monetary union, if the twin principles of federalism and "subsidiarity" are not enshrined in them.

The move, approved in a unanimous vote in the Bundesrat, the German upper house, comes ahead of tomorrow's crucial talks between German Chancellor Helmut Kohl and Mr John Major, the British prime minister, to try to resolve their differences over the treaty negotiations.

The principle of subsidiarity is a peculiarly German concept, requiring the maximum devolution of power from a central authority. It means the central power (in this case the EC) should only take on new functions where the task cannot be accomplished at a lower level.

Both UK and German officials welcomed the vote as backing for their own views in the debate over how much power should be transferred from national jurisdiction to the EC in Brussels.

The stress on "federalism" suits Mr Kohl, while the word at least is anathema to the British government. On the other hand, the concept of "subsidiarity" accords with the British desire not to transfer any more power to Brussels than is absolutely necessary.

In his meeting with Mr Kohl, Mr Major will reinforce the UK's objections to signing any treaty with a reference to a European "federal goal" at next month's EC summit in Maastricht.

However, the Bundesrat vote means another potential stumbling block on the path to eventual agreement. Approval by the Bundesrat is essential to ratification of the new EC treaties in Germany, along with approval in the Bundestag, the directly-elected lower house of parliament.

The Länder are also demanding the establishment of a "regional committee" in the EC institutions, to represent their interests, as opposed to those of the national governments.

Tomorrow's talks between the two conservative leaders are seen as critical to the success of the last month of negotiations before Maastricht, as Britain and Germany represent opposite poles on most of the remaining contentious issues of political union.

The aim is for both men, building on their good personal relations, to use the session as a private "brainstorming" to identify those areas where they can still compromise, in order to get an agreement in Maastricht.

Though the rhetoric of the British and German governments has been markedly different in tone recently, Downing Street made it clear that the the government did not believe the prospects for striking a deal at the EC summit had grown more difficult over the past couple of weeks.

A powerful bomb wrecked the administration building of the American University of Beirut early yesterday, AP reports from Beirut. No one was hurt. It was the first serious physical damage suffered by the university, the most prestigious in the Middle East. The university and an affiliated hospital remained open through Lebanon's 15-year civil war, although one school president was assassinated and another kidnapped, along with many teachers, administrators and students.

The bomb toppled the main tower of the building (pictured above) at the school, which was founded by an American missionary 125 years ago. No one immediately claimed responsibility. Iranian-backed fundamentalist factions have threatened attacks on American targets in protest at the US-sponsored Middle East peace talks that opened in Madrid last month. A police spokesman said the explosion destroyed about half of the administration building, but no one was inside.

Generations of Arab leaders have been educated at the campus, which houses 80 red-roofed stone buildings near commercial districts in West Beirut. The university has produced at least three presidents, 10 prime ministers, more than 100 cabinet ministers and ambassadors – and several guerrilla leaders.

Bush and Delors try to end farm trade impasse

By William Dullforce in Geneva

THE SUCCESS of five years of talks on the liberalisation of world trade hinges on a breakthrough on farm reform at today's meeting in the Hague between US President George Bush, EC Commission President Jacques Delors and Mr Ruud Lubbers, the Dutch prime minister and current EC president, trade diplomats said yesterday.

During a long meeting in Brussels on Thursday Mr Ray MacSharry, EC farm commissioner, and Mr Edward Madigan, US agriculture secretary, failed to resolve completely the EC-US dispute over farm subsidies that has dogged the trade talks, according to senior negotiators. Crucial decisions would have to be taken at today's top-level meeting.

Without an EC-US understanding on farm reform, the hopes of completing the Uruguay Round trade talks by the end of the year which were voiced by Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (Gatt) on Thursday, are likely to evaporate.

Mr Dunkel's plan for non-stop negotiations in Geneva from Monday to prepare final texts of agreements in all seven sectors under discussion in the Round was "good as far it goes but is not enough", according to Mr Tran Van Thinh, the head of the Community delegation to Gatt.

Mr Dunkel was "powerless to overcome suspicion" among the more than 100 countries participating in the talks.

Unless and until the agricultural issue was unlocked, there would be no progress in other areas. Only the US and the EC could break the deadlock. There was every reason to look forward to a successful conclusion of the Round, if the two principal contenders assumed their joint responsibility and co-leadership in the field of trade policy, Mr Tran said. Without it, the Round would be lost.

Further progress in the Round could also be brought to a halt without a clear transatlantic understanding on the shape of a deal in services, according to Mr Tran.

Mr Dunkel hinted on Thursday that US concessions on services were required. These concern in particular Washington's insistence that telecommunications and shipping be exempted from Gatt's most-favoured-nation (MFN) rule, which stipulates that trade benefits granted to one country must be available to all Gatt members.

Hectic preparations have been made in the last two days for the Bush-Delors-Lubbers meeting. In addition to the farm talks between Mr MacSharry and Mr Madigan, Mrs Carla Hills, the US trade representative, discussed problems in several other key areas with Mr Frans Andriessen, EC trade commissioner, and Mrs Yvonne van Rooy, Dutch trade minister, in the Hague on Thursday.

Yesterday morning she joined President Bush in Rome, where he has been attending the Nato summit, and was due to return with him to The Hague.

Cresson hits out at Renault managers

By William Dawkins in Paris

THE management of Renault was criticised implicitly yesterday by Mrs Edith Cresson, the French prime minister, over the three-week strike which has just ended at its main engine and gearbox plant.

Mrs Cresson said the strike – which crippled the group's French and Belgian car assembly – underlined the need for changes in the management culture of state-owned companies. "It is necessary to bring together the rank and file with the management. Conflicts of this type should not exist and I will take steps so that they do not exist in the future," she said.

She called for more staff participation and management dialogue, "comparable to what goes on at our main competitors". Mrs Cresson's remarks will increase tensions with the management of state companies, coming after she criticised some of them for being too quick to cut jobs.

Renault's plant at Cléon, west of Paris, returned to full production yesterday, after the communist-led CGT, which called the pay dispute, asked employees to return to work the previous evening.

A small majority of those taking part in a vote the previous day wanted to continue the stoppage, but the CGT overruled the vote on the grounds that it represented a minority of Cléon's 5,600 employees, most of whom did not vote.

Meanwhile, Renault management and unions began a second day of negotiations in a related pay dispute which broke out at the group's axle plant in Le Mans.

Renault officials said output of the Clio, the group's new hatchback, was proceeding at near normal at Flins, south of Paris, as was work at the Sandouville factory on the north-west coast, where the Renault 21 and 25 medium and large saloons are made.

Miyazawa hint of softer line on rice imports ban

By Stefan Wagstyl in Tokyo

MR Kiichi Miyazawa, the Japanese prime minister, yesterday hinted in a key policy speech that Japan might ease its long-standing ban on rice imports.

Speaking before the Diet (parliament) for the first time since becoming prime minister this week, Mr Miyazawa said he would "make the utmost efforts for a solution" at stalled international farm trade talks "based upon mutual co-operation under our [Japan's] basic rice policy".

His remarks come at a crucial stage in talks on the Uruguay Round of the General Agreement on Tariffs and Trade (Gatt), in which agricultural trade restrictions imposed by Japan, the US and the European Community are a big stumbling block to further trade liberalisation.

Mr Miyazawa followed predecessors in asserting the importance of Japan's basic rice policy – the principle that the country should be self-sufficient in rice production. But he made no explicit reference to past Diet resolutions in which MPs have voted to ban rice imports, an omission some analysts thought significant.

Whether the form of words will be followed by a policy change remains to be seen. However, MPs in the ruling Liberal Democratic party have pointed out that Mr Miyazawa's cabinet contains members with long experience of rice issues and the political clout to amend policy – if they decide it is necessary. Chief among them is Mr Tsutomu Hata, finance minister and former agriculture minister.

Mr Miyazawa said Japan was resolved to work to bring the Uruguay Round to a successful conclusion this year.

In other parts of his speech, delivered on the Diet's opening day, Mr Miyazawa mostly trod on familiar ground. He pledged to work for the early passage of bills which would allow Japanese troops to join United Nations peace-keeping forces and to aid in overseas natural disasters.

This would break a postwar ban on the despatch of troops on active service abroad. The bills, which have been extensively debated already, are expected to be passed before the end of the year.

Mr Miyazawa also pledged reforms to clean up political financing and to raise the real standard of living by improving health care, housing and leisure facilities to a level matching national income.

Poll shows Israeli immigrants unhappy

ALMOST 30 per cent of Soviet Jewish immigrants who have poured into Israel over the past two years want to move on to another country and more than half are advising relatives still in the Soviet Union to delay leaving for the Jewish state, according to an opinion poll, Hugh Carnegy writes from Jerusalem.

The survey, taken among the 350,000-strong new Soviet immigrant community and published in Israeli newspapers yesterday, found that 71 per cent of immigrants were content to stay, but the rest wanted to move within five years, most to western Europe and the US, but some back to the Soviet Union.

The survey reflected the strain immigration has placed on the economy. Employment has been found for 53,000 Soviet newcomers, but 33,000 more are unemployed.

Siemens wins E Europe deals

Siemens, the German electrical group, has won contracts worth an estimated DM200m (£69m) to equip Czechoslovakia, Poland and Hungary with its EWSD digital public telephone switching system, Christopher Parkes reports from Bonn. The orders, involving the installation of 620,000 lines during 1992, will give Siemens a lead in the race to equip new democracies in eastern Europe with communications, the company said.

Barbados PM to stay on

Mr Erskine Sandiford, the prime minister of Barbados, has rejected calls from the business community, trade unions and opposition parties, that he resign because of his handling of the economy, Canute James reports from Kingston.

Mr Sandiford said his resignation would not be a "reasoned" approach to dealing with the economic problems facing the Caribbean island.

'S Africa beats arms embargo'

South Africa has obtained large quantities of arms from the US, Britain, France, Germany and Japan, mostly in defiance of a United Nations embargo, a newspaper alleged yesterday, Reuter reports from Johannesburg.

The Weekly Mail said it had obtained official documents which showed that companies in Switzerland, Italy, Austria, the Netherlands, Australia, Spain and Brazil participated in large-scale covert arms sales to South Africa.

Walesa 'chooses new PM'

Polish President Lech Walesa will ask Mr Bronislaw Geremek, a former Solidarity adviser and a leader of the Democratic Union (UD) party, to form a government, presidential spokesman Andrzej Drzycimski said yesterday, Reuter reports from Warsaw.

Mexico inflation up

Mexico's monthly inflation rate rose for the second successive month in October, to reach 1.2 per cent, bringing cumulative inflation to 13.3 per cent in the first 10 months, Damian Fraser reports from Mexico City.

Yugoslavia's economy 'faces collapse by Christmas'

Judy Dempsey assesses the likely impact of sanctions

THE Yugoslav economy will rapidly collapse if trade sanctions imposed by the European Community yesterday are followed by a UN-imposed oil embargo, say Austrian economists and western bankers.

"I have no doubt that the Yugoslav economy, which in any case is already rapidly deteriorating, will collapse very soon, maybe before Christmas if the oil embargo is imposed," said Mr Jan Stankovsky, an east European specialist at Austria's Institute for Economic Forecasting.

Key areas of the Yugoslav economy likely to be hit by sanctions include:

● **EC finance.** A second financial protocol, worth Ecu730m (£513m) and spread over five years beginning last June, will be suspended, along with Ecu77m earmarked for transferring loans into internal subsidies.

The sanctions will affect an Ecu61m grant from the Phare programme, the EC's special assistance to eastern European and a \$60m (£34.8m) loan from the European Investment Bank.

● **Yugoslavia's debt.** It amounts to \$14.8bn. Last January, the National Bank of Yugoslavia had reserves of \$8bn. This has fallen to \$1.5bn because of the war in Croatia.

So far, the NBY has not reneged on any debt repayments. In September, it paid \$74m in interest payments. However, a western banker yesterday said Yugoslavia would find it difficult to meet the interest on \$640m which falls later this month. "The NBY has about \$4bn in western banks. To make the sanctions watertight, the EC would have to freeze these deposits," the banker explained.

● **Industry.** Across the federation, industrial production for the first nine months of 1991 fell by 23 per cent against last year. The decline has been partly due a 17 per cent fall in investment in 1990, as well as the disruption of trade between the six republics.

For instance, Iskra Slo- enterprise, is expected to lose \$30m this year, after breaking its ties with Zastava, the Serbian-based car company, and with Electro Industria, the electrical engineering group in Nis, southern Serbia.

In addition, Mr Stjepan Zdunic, Croatia's minister of the economy, recently said the cost of the war in Croatia alone – taking into account losses in industrial production, maintaining the military machine, paying the unemployed, and looking after the influx of refugee – was the equivalent of one year's GDP, or \$15bn. Western bankers believe the war is costing Serbia about \$500m a day.

● **Transport.** The war in Croatia has already disrupted the entire transport system. "Sanctions will mean that enterprises will not be able to import spare parts, food, and raw materials," said Ms Hermine Vidovic, an expert on the Yugoslav economy at the Vienna Institute for Forecasting.

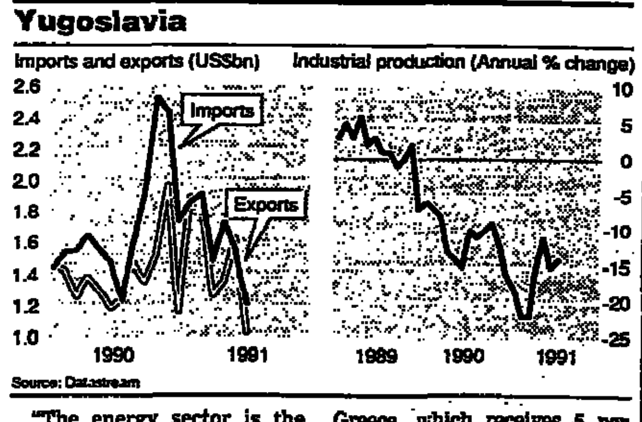
● **Trade.** Since the Soviet eastern Europe agreed last January to switch to the dollar clearing system, Yugoslavia's trade with OECD countries increased from 28 per cent in 1989, to 58.4 per cent over the first half of this year, while trade with the Soviet Union, which was Yugoslavia's largest trading partner until 1990, has fallen from 30 per cent to 18 per cent.

AN indication of how EC sanctions would paralyse the economy is already borne out by the effect of the war in Croatia. For example, Yugoslav imports from EC countries totalled Ecu8.5bn (\$10.6bn) in 1990, and exports over the same period totalled Ecu7.7bn. Over the first six months of 1991, Yugoslav imports from the EC fell sharply to \$300m. Main imports include cars, white goods, chemicals, manufactured commodities and consumer goods.

● **Unemployment.** More than 1.2m people, or 11 per cent of the labour force, were unemployed in 1989. This figure has months, while 1.5m more are receiving half the minimum guaranteed wage, according to Tanjug, the Belgrade news agency.

● **Energy.** In 1989, Yugoslavia imported 11.7m tons of oil. Of that amount, 5.7m tons was imported from the Soviet Union, 2.9m tons from Iraq, 2.4m from Libya, and less than 1m tons from Iran. The Gulf war in August 1990 left Yugoslavia with a shortfall which could not be met by local production, which totals only 3.4m tons. Moreover Croatia, which supplies 2.3m tons of that amount, cut off all supplies to Serbia in late August. This has led to chronic shortages of petrol in Serbia.

Serbian officials have recently tried to secure its own supplies by approaching the state-owned Hungarian oil and gas company to ship supplies down the river Danube to the oil refinery in Serbia. However, it is understood that the Hungarian government would agree to any sanctions imposed by the EC and the United



Source: Datastream

"The energy sector is the real weak point of the economy," explains Ms Vidovic. "An oil embargo would eventually starve the federal army of vital supplies."

Western diplomats believe the Soviet Union will support the embargo, despite the loss of valuable hard currency earnings from Yugoslavia. But diplomats also said the Soviet Union would probably seek

Greece, which receives 5 per cent of its energy supplies from Yugoslavia and sends 20 per cent of its exports through Yugoslavia, was yesterday told it would be compensated.

Other EC countries are expected to be little affected by the loss of trade with Yugoslavia.

Additional reporting from David Gardner in Brussels, Kevin Hope in Athens and

OECD export credit rates

Out-of-date D-Mark rates were recorded in the Financial Times of November 8, when in fact they had not been communicated to the OECD.

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South Korea forswears use of nuclear weapons

By John Ridding in Seoul

SOUTH Korea's President Roh Tae Woo yesterday said his country would not make, use or store nuclear weapons, and called on North Korea to adopt a similar policy.

Mr Roh's televised speech comes at a time of international concern about the development of a North Korean nuclear capability. It will add to pressures on Pyongyang to allow international inspection of its nuclear facilities.

Yesterday's announcement also suggests that US nuclear warheads have been or soon will be withdrawn from South Korea, in line with Washington's policy of eliminating tactical nuclear weapons.

US officials in Seoul welcomed the announcement but declined to comment on the presence of US nuclear arms on the Korean peninsula. Earlier this week, a senior US official emphasised that South Korea would continue to be protected by the US nuclear umbrella of air and sea-based strategic weapons systems.

North Korea has resisted inspection of its nuclear facilities, although it has signed the international nuclear non-proliferation treaty. It has demanded that US nuclear weapons be withdrawn from South Korea as a condition for inspection.

Western intelligence officials estimate that North Korea will be capable of developing a nuclear weapon by the middle of the decade. They believe Pyongyang is building facilities for enriching and processing nuclear fuel at Yongbyon, north of Pyongyang, to be completed by 1993.

"Nuclear weapons in North Korean hands would be so dangerous and destabilising that they would not only threaten the very survival of our nation, but could in an instant shatter the peace in north-east Asia and the world," Mr Roh said.

The highly militarised border which separates North and SouthKorea has remained one of Asia's most sensitive security areas since the end of the Korean war in 1953. The US has about 40,000 troops in South Korea.

In his speech yesterday, Mr Roh also said South Korea would not develop or store chemical or biological weapons. A South Korean defence white paper, published last month, said North Korea had stockpiles of both types of weapon.

Magic Johnson changes the face of Aids

Patrick Harverson and **Karen Zagor** on the fate of the US basketball hero

PUBLIC awareness in the US about the threat of Aids has taken a giant leap forward with the news that Earvin "Magic" Johnson, the hugely popular basketball star for the Los Angeles Lakers, has been infected by the virus that causes the deadly disease.

The announcement on Thursday night that the 32-year-old Johnson was retiring from professional basketball because he is HIV-positive has left the nation in a state of shock. As the most famous, and most admired, sports star of his generation, Johnson's condition is expected to change the attitudes of ordinary Americans to Aids.

The news is receiving enormous media exposure in the US. National and local television networks interrupted scheduled programmes on Thursday to transmit live the press conference the player held in California to announce he had the virus.

Yesterday morning the story was splashed across the front page of every big US newspaper, and radio talk shows across the country opened their telephone lines to discuss the news.

It even brought comment from President George Bush in Rome for the Nato summit. Mr Bush said Johnson's diagnosis was a "tragedy... but I think he's a gentleman who handled his problem in a wonderful way."

Johnson has already said he will campaign publicly to improve understanding about the threat of Aids.

"I will now become a spokesman for the HIV virus, because I want young people to realise they can practise safe sex... It can happen to anybody, even me, Magic Johnson," said the star.

Although it is not known yet how he contracted the virus, it is widely believed that Johnson was infected from unprotected heterosexual sex. If this is the case, Aids activists in the US hope that the message about using condoms as protection against the disease will get through more clearly to young American men, who until now have shown a worrying reluctance to take Aids seriously.

Mr David Eng, a spokesperson for the Gay Men's Health Crisis in New York, said yesterday: "It will increase awareness tremendously about Aids, in fact it already has. Most importantly, it is going to really affect the people who look up to him as a role model – the teens and adolescents – who are the next group most at risk from Aids."

The Johnson story even had an impact on Wall Street. Shares in Carter-Wallace, the biggest condom manufacturer in the US, rose $6 to $110¾ on hopes that condom sales will be boosted by an increased emphasis on safe sex.

It was not clear yesterday how Johnson's condition would affect his vast array of marketing contracts. Since he became a sports superstar in the early 1980s, Johnson is estimated to have earned between $9m and $12m (£6.9m) a year from endorsements.

Over the years he has sold a wide range of products, from Pepsi soft drinks to Converse athletic shoes.

The initial response from his advertisers was mostly supportive, although no decisions had been made whether to continue using Johnson. The advertisers face a difficult decision. If they drop the basketball star from their commercials they risk heavy criticism from Aids activists and his many fans, but if they continue to use him advertisers face upsetting more conservative consumers.

Mr Bill Katz, executive vice president at BBDO, a leading New York advertising agency said yesterday: "I think the sponsors will do whatever Magic wants."

Johnson, nicknamed "Magic" because of his exceptional athletic ability, played for the Los Angeles Lakers for 12 years, leading them to five championship titles.

Magic Johnson: 'a spokesman for the HIV virus'

Food delay for flood survivors

EMERGENCY supplies were flown in yesterday to the devastated central Philippines where at least 5,000 people are presumed killed by floods, but a lack of manpower held up delivery of food to survivors. Reuter reports from Ormoc, the Philippines.

The stench of death pervaded the city. Dozens of bloated, decomposing bodies still floated offshore. Others remained on the streets in the tropical sun among twisted cables and downed trees.

Across the central Philippines, at least 120,000 people were left homeless after Tuesday's devastating floods, sparked by tropical storm Thelma.

The storm unleashed a deadly torrent of water and mud that swept people, cars and homes into the sea in the worst disaster to hit the country in 15 years. Environmentalists said rapid deforestation, combined with freak weather, might have been responsible for the huge loss of life.

Mr Leopoldo Petilla, Leyte island governor, said: "This is a man-made disaster. I have been asking the government to impose a total log ban in the province, but they would not listen to me.... We have to suffer for their indecision."

French N-research to shed 4,000 jobs

By William Dawkins in Paris

FRANCE'S nuclear weapons research unit is to shed 400 jobs over the next 18 months, the latest result of government curbs on the formerly sacrosanct defence budget.

The cuts represent a slight acceleration in job losses over the past six years at the military applications division of the atomic energy commission (CEA), and officials warn that further reductions cannot be ruled out. The CEA's military applications division employs 6,500 people, 1,000 fewer than in 1985, spread over six sites.

France plans to wait until the Soviet Union and the US have reduced the huge gap between their nuclear arsenals and its own before considering whether to follow their sweeping nuclear arms reductions. Nevertheless, it is seeking economies, said CEA officials. The cuts will be concentrated in administration and production, rather than research.

This comes only four months after the government announced the cancellation of a FFr30bn (£3bn) mobile nuclear missile project, for which the CEA would have provided the warheads.

The CEA's military division has government contracts to keep it going for three years until it completes the delivery for the weapons system for a new generation of submarines, but it has seen its order book fall by at least 20 per cent since 1988, said officials. Accordingly, the government has reduced the division's FFr10bn budget by 7 per cent next year.

Separately, CEA-Industrie, the CEA's industrial activities arm, yesterday reported a record FFr659m loss in the first half of the year, mainly due to a FFr1bn deficit at Eurodif, its nuclear fuel enrichment offshoot. This reflected a decline in orders from Electricité de France, the electricity board.

However, the resolution of a dispute with Iran over compensation for cancelled uranium deliveries should return CEA-Industrie to profit for the year, officials said.

Vietnamese repatriation resumes

By Angus Foster in Hong Kong

FIFTY-NINE Vietnamese boat people were yesterday moved from their camp on a remote island in Hong Kong to Kai Tak airport, in preparation for their forced return to Vietnam today.

The group, including 16 women and 23 children, made the trip by Royal Navy ferry. As they boarded the vessel, several Vietnamese were crying and seemed reluctant to go.

One woman sat down weeping before being lifted up and shepherded on to the ferry by two Correctional Services officers wearing tracksuits. Several men hesitated before being persuaded to go on. Security was extremely tight but there was no violence and officers used pressure rather than force.

The boat people will stay in an airport warehouse overnight before flying back to Hanoi, the Vietnamese capital, *early this morning*. The group is made up of 38 "double backers", people who have returned to Hong Kong after earlier going back voluntarily to Vietnam, and their 21 family members.

Yesterday's operation was in marked contrast to the last forced repatriation in December 1989, when armed police loaded 51 boat people on an aircraft under cover of darkness. International criticism of that operation was so fierce that Hong Kong called off further forced returns.

The government is concerned that the present repatriation is seen not to involve force.

But heightened tension among Hong Kong's more than 63,000 Vietnamese yesterday led to more mass protests at Whitehead, the largest camp in the colony.

A group of boat people also issued a petition to the British parliament and US President George Bush. It pleaded for clemency and questioned the Vietnamese government's pledge that returnees will not be persecuted.

Afghans firm on peace talks

AN AFGHAN guerrilla delegation due to visit the Soviet Union said yesterday that the key to peace in Afghanistan lay with Moscow, Reuter reports from Islamabad.

Guerrilla leader Burhanuddin Rabbani said: "I do believe that after the defeat of the Soviets in Afghanistan and the defeat of communism in Soviet Russia and the changes in the world, our negotiations with the Soviets will be constructive, important and effective."

But unless the Soviet Union came up with new proposals to end 13 years of war in Afghanistan, the talks would come to nothing, he told a news conference before leaving for Saudi Arabia and the Soviet Union.

He declined to say what proposals the 11-man delegation would take to Moscow or whether they would have a list of Soviet prisoners still held by the mujahideen guerrillas more than two years after the last Soviet troops left Afghanistan.

The prisoners are one of the main concerns of the Soviet government, which would like them treated as a humanitarian issue rather than as pawns in the political negotiations. Moscow believes 60 to 80 prisoners may still be alive.

In September the Soviet Union and US agreed to halt weapons supplies to the Afghans by January 1. The US says it has already stopped deliveries.

The guerrilla delegation, repeatedly delayed by wrangling among the divided mujahideen leadership over who should go and what proposals to take, will arrive in Moscow tomorrow after a two-day pilgrimage to Saudi Arabia.

They are due to have talks with Mr Boris Pankin, Soviet foreign minister and Mr Boris Yeltsin, president of the Russian Federation. No time limit has been set for the talks.

Three hardline guerrilla groups, including the powerful Hezb-i-Islami of Gulbuddin Hekmatyar, refused to join the delegation, in spite of heavy pressure from Pakistan.

UK NEWS

BR moves Channel rail-link chief to advisory post

By Richard Tomkins, Transport Correspondent

BRITISH RAIL yesterday announced sweeping changes in its top management following the government's rejection of its favoured route for the planned high-speed rail link between London and the Channel tunnel.

Mr John Palmer, the man in charge of the rail-link project, is moving sideways into a newly created role as special policy adviser to Sir Bob Reid, BR's chairman.

His position was widely seen as untenable after the government threw out his recommendations for a southern route into London in favour of the eastern approach favoured by Mr Michael Heseltine, the environment secretary.

Mr Palmer, 62, will remain chairman of European Passenger Services, the division responsible for running trains through to the Continent after the tunnel's planned opening in June 1993.

His responsibility for the rail-link project, however, will go to Dr John Prideaux, who has been director of InterCity since 1986.

Dr Prideaux, 47, is appointed to the new post of managing director, new ventures. He is to be replaced as head of InterCity by Mr Chris Green, 48, who has headed Network SouthEast since 1986.

Mr Green will be replaced by Mr John Nelson, 44, the director of InterCity's east coast main line, and Mr Nelson will be replaced by Mr Brian Burdsall, 44, director of BR's "quality through people" initiative.

The appointments take effect from January 6.

BR firmly denied any connection between the moves and the government's decision on the high-speed link. It said Dr Prideaux and Mr Green had both been in their jobs nearly six years and the time was ripe for them to pursue other opportunities within the corporation.

Mr Palmer is a former deputy secretary at the Department of Transport and BR said his knowledge of government workings would be particularly valuable to Sir Bob in the run-up to privatisation.

Mr Palmer's move away from the rail-link project is particularly ironic since it was at the government's behest that he was put in charge of the scheme in December 1989.

He came to BR with a reputation for holding uncompromising views on the need for a commercial approach to the running of the railways. Earlier, in 1982, he had headed the Department of Transport's railways directorate at the time when the Serpell inquiry recommended big cuts in services and subsidies.

● Mr Brian Sedgemore, Labour MP for Hackney South and Shoreditch, yesterday criticised the government's choice of an easterly route for the Channel tunnel rail link, saying that BR documents showed the route could not be justified "on any conceivable cost-benefit analysis".

Royal Mail workers reject pay offer

CHRISTMAS mail could be disrupted following a rejection by postal workers yesterday of a 4.25 per cent pay offer from the Royal Mail, Lisa Wood writes.

The UCW postal workers' union said negotiations had been difficult and talks were in danger of a complete breakdown.

A further meeting has been arranged for next Tuesday. The union, which represents 173,000 postal workers, said that if there was no movement it would have to hold a ballot on the offer. If rejected, a second ballot would be held on what form of industrial action members wanted to take.

Mr Alan Tuffin, UCW general secretary, said he believed the Royal Mail's staff deserved a pay award that shared the success of the mail service.

The Post Office, which had originally offered 4 per cent, said it was getting towards the limit of what the business could afford.

Challenge to tobacco warnings

TOBACCO companies are to go to the European Court in a challenge to new government regulations for cigarette-packet health warnings which would be 50 per cent bigger than elsewhere in Europe.

The High Court yesterday gave Gallagher, Imperial Tobacco and Rothmans International leave to seek judicial review of part of the 1991 Tobacco Products Labelling (Safety) Regulations. Mr Justice Roch then referred the case to the European Court of Justice in Luxembourg for a ruling on points of law.

Euro-bank HQ

THE EUROPEAN Bank for Reconstruction and Development is planning to move to permanent headquarters at 1 Exchange Square in the Broadgate development of the City of London late next year or early in 1993.

The bank is in temporary headquarters in Leadenhall Street in the City.

150 jobs to go at Price Waterhouse consultancy

By Andrew Jack

PRICE WATERHOUSE Management Consultancy Services, a division of the accountants, yesterday made 150 of its 1,000 UK staff redundant in the first major restructuring since its rapid growth began in the mid-1980s.

The reductions are all drawn from fee-earning staff and include those in senior positions, but no partners.

The firm said the job losses were the result of a review of business strategy and the effects of the recession, which had caused potential clients to delay consultancy contracts.

Several of the leading UK accountancy firms have announced large job losses over the past few months. Price Waterhouse cut about 180 jobs in its audit and business advisory service staff in June.

A study of the division's prospects over the next decade said it should reorganise, focus on different sectors and respond to more selective needs from clients for professional advice.

Mr Eric Hetherington, director of Management Consultancy Services, said: "We have concluded that some repositioning is essential. Change is sometimes painful and unpleasant."

The consultancy division had fee income of £103m in the year to 31 March, out of a total income for the firm of £377m. Price Waterhouse now numbers about 7,300 partners and staff.

THE GUINNESS TRIAL

Seelig not linked to some deals, jury told

By Raymond Hughes, Law Courts Correspondent

SOME of the dealings in Guinness shares that the prosecution alleged Mr Roger Seelig should have disclosed during the battle for Distillers had been nothing to do with him, the jury was told yesterday.

The deals were done by L.F. Rothschild, a New York investment bank that the court has heard was recruited by Mr Seelig, then corporate finance director of Morgan Grenfell, to support Guinness.

Mr Mark Sohn, who handled the deals for LFR in London, said some of its Guinness purchases had not been made at Mr Seelig's request and he had not been told of share sales because they had been nothing to do with Morgan Grenfell.

Cross-examined by Mr Seelig, Mr Sohn agreed it was now clear that at the time they had different perceptions of the arrangements. Mr Seelig had believed he had mustered LFR as a Guinness supporter and been requesting it to buy Guinness shares. Mr Sohn's view had been that Mr Seelig was placing orders for shares to be bought for Morgan Grenfell.

Mr Sohn agreed Morgan Grenfell had not received definitive documentation of each dealing and thus, if Mr Seelig had had an obligation to disclose, he would not have had the information to do so.

The fact that LFR had not disclosed the share purchases was consistent with it having believed it had no obligation to do so, Mr Sohn agreed.

He said he knew about English legal requirements for disclosures of concert party share purchases.

Mr Seelig: "Do you have concerteers in America?"

Mr Sohn: "No."

Mr Seelig: "What do you call them?"

Mr Sohn: "Criminals."

Mr Seelig and Lord Spens, former corporate finance director of the Henry Ansbacher merchant bank, deny fraud and false accounting charges. The trial continues on Monday.

TREVOR HUMPHRIES

THE BLUE ARROW TRIAL

COUNTY NATWEST would have revealed its Blue Arrow holdings if no legal means of avoiding its disclosure obligations had been found, Mr Nicholas Wells, a former County director, told the Blue Arrow trial yesterday, John Mason writes.

He denied that the advisers who bought the confidential stakes in the 1987 issue had intended disclosure should never be made. Mr Wells (pictured above earlier this year) is one of five City advisers who, along with three institutions, deny buying confidential holdings in the issue amounting to a conspiracy to mislead the markets over the issue's result.

County's marketmakers had willingly accepted their 4.5 per cent stake, Mr Wells said. Neither Mr Philip Rimell, its chairman, nor Mr Mark Potashnick, head of marketmaking, had shown any reluctance. Mr Potashnick had said the marketmakers could make a big profit.

The trial continues on Monday.

Staff boost for pollution body fails to meet target

By David Owen

THE GOVERNMENT's Inspectorate of Pollution is to be given more staff, but the increase will be insufficient to bring numbers up to the estimated full-staffing requirement.

Under the proposals, announced by Mr David Trippier, environment minister, during a Commons environment debate, an additional 50 pollution inspectors are to be appointed, bringing the inspectorate's complement to more than 360 in 1992-93.

This compares with an estimated full requirement, as outlined in a National Audit Office report, of 416 in 1991-92 rising to 458 in April 1994. The intention is to lift the number of inspectors to 440 or more when circumstances dictate, according to the Department of the Environment.

Mr Trippier also signalled a softening in the government's stance in the ongoing row over European Commission attempts to suspend seven UK construction projects. He distanced himself from recent remarks by Mr Douglas Hurd, the foreign secretary, and confirmed that Mr Ripa de Meana, the EC commissioner, was not trying to dictate planning decisions but simply asking the UK to implement fully the environmental impact assessment directive.

For Labour, Ms Ann Taylor, shadow environmental protection minister, said she was saddened by the absence of environmental legislation in the Queen's Speech.

● One hundred and thirty five countries yesterday agreed a programme to reduce air pollution by ships at sea, John Hunt writes.

The 135 members of the International Maritime Organisation, meeting for the biennial assembly in London, approved a resolution recommending member governments to take urgent steps without waiting for new international regulations.

AFTERMATH OF THE BY-ELECTIONS

Major will have to dispel clouds of defeat over Tories

By Philip Stephens, Political Editor

THERE IS a silverish lining, but the clouds threaten to obscure it. It is hard to dispute Mr John Major's claim that this week's by-election defeats provide no certain guide to the outcome of the general election. It is equally difficult to imagine the losses will not foreshadow a distinctly uncomfortable time for his government.

By-election results are often overturned in subsequent national elections, but that does not lessen their immediate impact on the political mood. Mr Major has a margin of eight months at most before he must seek a fresh mandate, and will probably have to do so within six. With the prospect that the election campaign will be the most closely fought since 1974, the mood is important.

In Scotland, the Conservatives are now in a more precarious position than they have ever been. For all his commitment to the Union, the prime minister will have to confront the issue of limited devolution.

More generally, the government could argue yesterday that its losses were not as disastrous as previous defeats in Monmouth and Eastbourne. In Langbaurgh, the Labour bandwagon reached second rather than fourth gear. If the result were replicated in a general election, Mr Major would cling on to a small overall majority. In Kincardine, the combination of tactical voting and local difficulties over Scottish army regiments always made a Liberal Democrat victory look irresistible.

But for the next month or so, the defeats will hand the political initiative to Mr Neil Kinnock and Mr Paddy Ashdown. Mr Major, waiting for the promise of economic recovery to turn into reality and facing the agonising dilemmas posed by the Maastricht summit next month, has been put on the defensive. Backbench Tories may become restless and rebellious.

On the economy, there is little more the government can do, beyond another small cut in interest rates. The judgment in the Autumn Statement that the recession has come to an end is widely shared by independent economists. What no-one can judge is how voters will react to a recovery which, within the timescale of the election, looks at best steady and unspectacular.


Winning hands down: Paddy Ashdown and Nicol Stephen yesterday celebrate victory

In September, the prime minister "talked up" consumer confidence to keep open the window of an autumn election. Now the by-election results and the latest opinion polls suggest that the voters resent such trifling with their expectations. Next time they may be inclined to wait for reality before they forgive the Conservatives for the recession.

Europe also looks certain to provide more problems before yielding any dividends. A deal at Maastricht might well in the end strengthen one of the Conservatives' strongest electoral cards – that the replacement of Mrs Margaret Thatcher by Mr Major has already given the voters the change of government that they wanted.

Before that, however, Mrs Thatcher appears determined to have her say in the House of Commons debate later this month. She promises rebellion if her successor signs up for closer European integration. But he knows that if he does not do a deal he will give credibility to Labour's claim to be the party of Europe – and of the future.

There are other problems. Both the Gallup opinion poll in yesterday's Daily Telegraph and the ITN/Harris exit poll at Langbaurgh showed that the decision to confront the issue of the health reforms head on has not defused the controversy. The Langbaurgh survey also gave a jolt to those in the government who thought a promise to replace the poll tax was enough to placate its victims. The voters put it at the top of their lists of concerns.

There are potential pluses for the government. Even a slow economic upturn should cheer the voters. The modest 3.5 per cent swing to Labour in Langbaurgh suggests that the Conservatives are much better organised in marginals seats than elsewhere. For the time being at least it will reinforce the party's claims that the 8-point Labour lead shown in the Gallup poll will prove an aberration. The Conservatives' private polling points to a much tighter race.

The Autumn Statement spending increases will provide the opportunity for a strong offensive against Labour's plans for the public services. Members of the shadow cabinet have been heard to mutter that it would be difficult now to out-spend the Conservatives and stick to the promise of economic prudence. Mr Kinnock can also expect growing pressure to spell out with more precision his approach to Europe. First though Mr Major has to dispel the clouds.

State of the parties, by number of seats: Conservative 367; Labour 229; Liberal Democrat 22; Others (including speaker and deputy speakers) 32. Total 650. Conservative overall majority 88 (102 at 1987 general election).

Signals may point the wrong way

By David Butler

BY-ELECTIONS can be misleading pointers. Labour learned that after Darlington in 1983; the Alliance learned it after Greenwich in 1987. Thursday's three contests – probably the last before the general election – gave misleading signals.

It was inevitable that each party should find hope in the outcome but each had some genuine grounds for comfort amid all the spurious boasts.

The Conservatives lost two seats in a day – something that has not happened in by-elections since 1973. But the fall in their vote was less than in any Conservative-held seat in the last three years. Langbaurgh, the constituency most representative of the Conservative-Labour marginals in which the next election will be decided, showed a swing of only 3.5 per cent; if, next spring, that were repeated all over the country the government would be returned with a working majority – just.

A particular comfort for the Tories was that the Liberal Democrat vote in Langbaurgh was far less squeezed than expected. The Conservatives very much hope Liberal support will hold in marginals instead of slipping to Labour.

The Labour party can rejoice in another gain – their fourth in this parliament. Even though they were squeezed in Kincardine, the prospect of Conservative obliteration in Scotland was good news for them. In Hemsworth they did not suffer for their arbitrary rejection of a Scargillite standard-bearer.

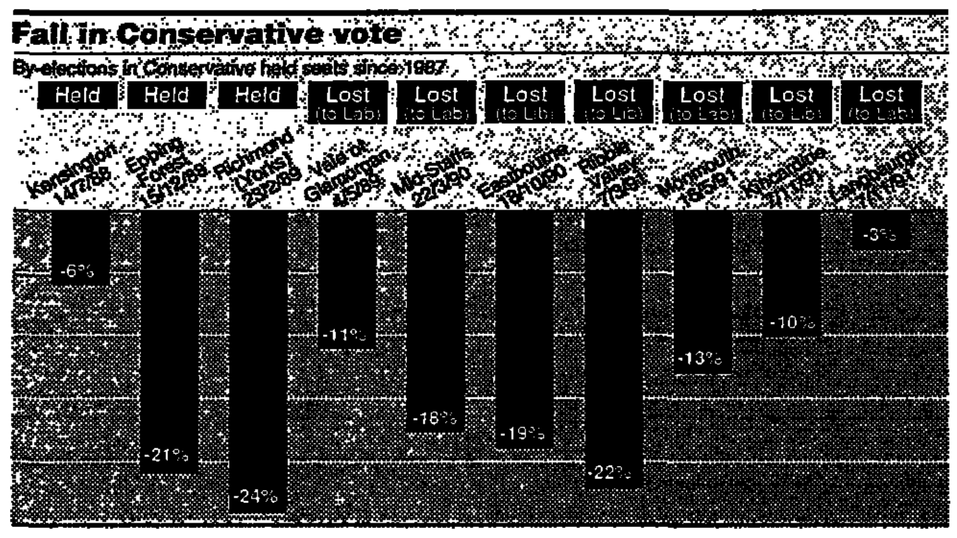
Furthermore, whatever the swing in Langbaurgh, there was yesterday's Gallup poll, showing them 8 points ahead of the Conservatives – enough to win them a clear majority.

The Liberal Democrats, unlike their rivals, will be pleased with each of the three results. They climbed to second place in hopeless Hemsworth. They kept in check the expected squeeze in Langbaurgh. And they triumphed in Kincardine; they now have 10 Scottish seats to the Conservatives' nine. The latest Gallup poll has boosted them to 15.5 per cent nationwide and the fact that their vulnerable Langbaurgh vote fell by only 4 per cent suggests that the opinion polls are underrating them. After all, they got 22 per cent of the national vote in 1987.

At the same time Conservative and Labour have plenty of cause for disappointment. It was not agreeable for the Conservatives to be pushed into third place in Hemsworth. In Langbaurgh the encouragingly low swing may explained away by the ethnic origin of the candidate (in 1987 this seems to have imposed a handicap of 2 to 4 per cent). Worst of all for the Conservatives, if the Kincardine result were reflected in their other Scottish seats they could lose them all, even if they won the general election nationally. How then would the Scottish Office be ministered and where would authority to rule Scotland lie?

Labour must mourn at being squeezed into fourth place by the SNP in Kincardine and at suffering a reduced percentage in Hemsworth. They must also be worried that Langbaurgh, which gave the Conservatives their 24th narrowest win in 1987, has failed to yield the sort of swing that the party needs for victory.

Governments fare worse in by-elections than in the subsequent general election. Over the last generation half the seats lost in by-elections have been won back when a nationwide contest came around (although seats lost in the last months of a parliament tend to stay lost).



This week's voting leaves the situation thoroughly confused. The opinion polls will fluctuate a great deal between now and that ultimate test which will come on April 9 or June 11, or, most probably, May 7. Langbaurgh has not changed my expectations of a 40 per cent chance of a clear Conservative victory, a 40 per cent chance of a hung parliament, and a 20 per cent chance of a Labour victory. What seems certain is that those odds will move up and down over the next six months.

David Butler is a Fellow of Nuffield College, Oxford.

NRA gives reasons for chief's departure

By Richard Evans

THE ABRUPT resignation of Mr John Bowman as chief executive of the National Rivers Authority in June was caused by "serious shortcomings" in management which led to overspending of about £1m on new headquarters, it was disclosed yesterday.

The reasons for Mr Bowman's sudden departure, which took the water industry by surprise, were revealed after a meeting of the NRA board to approve the contents of the 1990-91 report and accounts.

The report, to be published early next month, states that an internal inquiry revealed there had been serious shortcomings in the management of the fitting out of the NRA's new head office in Bristol.

"As an immediate consequence of these events, an agreement was reached which led to the departure of Mr Bowman as chief executive," Lord Crickhowell, the NRA chairman, says in the report.

Parts of his report have been published immediately in order to avoid the departure of Mr Bowman dominating coverage of the report and accounts.

It is estimated that about £1m could have been saved if the project had been more expertly managed, including more than £600,000 on fitting-out costs and furniture, and the balance from a decision to install "comfort cooling" or low-grade air conditioning.

In addition, Lord Crickhowell says that a "skeletal" head office staff had to cope not only with the strains of the work overload but also with the move of offices, homes and families to Bristol.

These were the subject of discussions between the board and Mr Bowman towards the end of last year, "and when in April 1991 it became clear that satisfactory progress had not been made, we undertook a major overhaul of structures and approach which involved the chief executive and included the creation of the new post of operations director," says Lord Crickhowell.

Roll up for retailing's bumper addition

John Thornhill says the growing popularity of car boot sales is causing some problems

THE woman in the pink woolly hat closed in on the stall with steady purpose. "I'll offer you £2.50," she said, fingering a dark blue jumper with a £5 price tag. "£4.50," the stallholder retorted. After much haggling £3.50 was agreed.

"Well that's a Christmas present for my Alfie. Mind you, he's lucky to get anything," the bargain-hunter said, fishing in her purse for loose change.

Such transactions are part of the growing phenomenon of car boot sales. This one took place in a windswept park in Thamesmead, east London, just downwind from the local sewage works. Some 300 vendors were selling an array of goods ranging from Teenage Mutant Hero Turtle tricycles to Terminator T-shirts, dog muzzles, homemade jam tarts and shocking-pink negligées.

But some local authorities fear that the thousands of sales around the country every weekend are becoming fertile ground for crooks and conmen.

The Association of London Authorities (ALA), which represents 14 Labour boroughs, is floating the idea that car boot sales should be licensed to pay for the costs of public safety, cleansing, trading standards and environmental health services. It suggests such a proposal should be included in the next London Local Authorities Bill in 1992.

Mr Andrew Scott, ALA consumer services officer, says: "Car boot sales started off as events that schools and hospitals put on to sell unwanted goods for charitable purposes and that is something we want to encourage. But our concern is that more and more traders are moving in and running boot sales for their own profit."

The ALA's concerns are echoed by the Labour-controlled Association of Metropolitan Authorities which says it receives complaints about disruptive car boot sales from councils across the country.

The critics say that dangerous goods – especially electrical appliances – are often sold and buyers have no redress if they buy sub-standard merchandise.

"A lot of traders are selling counterfeit and dangerous goods. One trader was selling a silver-plating solution containing silver cyanide. He was buying it in industrial bulk containers and putting it into little bottles to sell to the public without any warning about its dangers," says Mr Scott.

Mr Keith Batchelor, county trading standards officer for Staffordshire, points to a notorious recent example in his area where Customs and Excise officials unearthed a serious whisky fraud. Complaints about whiskies on sale at local car boot sales led to them uncovering an illegal distillery which was selling bottles under the Balmoral label.

"People are taking a big risk when they buy goods at a car boot sale," he says.

The ALA alleges that car boot sales are becoming dominated by large commercial operations which place profit above safety and sometimes fence stolen goods. Big money is often involved: the ALA says one commercial boot sale in south-east London – where the 600 vendors were charged £7 for a pitch and the 8,000 shoppers 25p for admission – netted more than £6,000 in one morning. But the ALA stresses that sales organised purely for *bona fide* charitable or fund-raising purposes would be exempt from the licensing proposal.

The organiser of the Thamesmead boot sale, Mr Tom Barnard, welcomed the idea of licensing providing it was restricted to issues of standards and safety.

Mr Barnard runs the O.C. Association which organises big boot fairs at different venues in east London and Kent most weekends of the year. It is not clear whether his sales would need to be licensed although most of the money raised is donated to the Old Comrades, a charitable organisation for ex-members of the armed forces to fund health-care projects and Christmas outings.

The association plays down its charitable links and cryptically publicises itself as the O.C. Association. "We don't want to advertise the fact that we're a charity and give the impression that we have lots of people shaking cans. If you can't get people in on the basis of a good show you are not entitled to expect them to come along," says Mr Barnard.

He says that good organisation is the key to a good car boot sale. As well as arranging for staff to supervise the car park, the association pays £330 to have each event policed, £400 for portable toilets and a further £1,000 for advertising. Of the £8 charged for each car, £2.50 goes to Thamesmead council for use of Southmere Park.

The association also hires mobile phones and walkie-talkies to keep in touch during the event and to contact ambulances in emergencies. Independent traders provide inflatable bouncy castles and pony rides to keep the children happy.

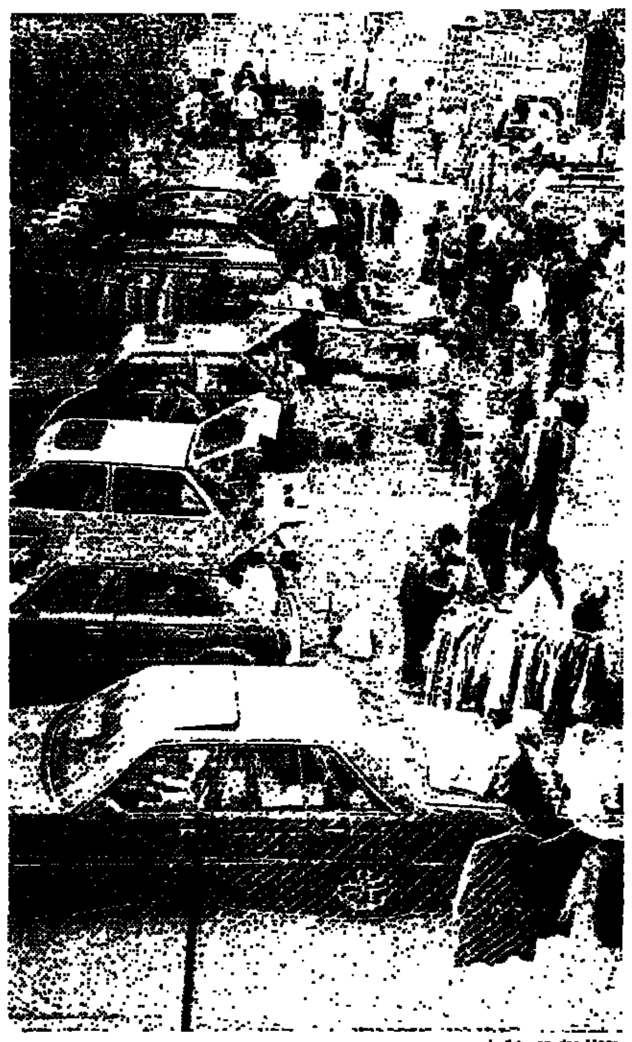
"People think that there are thousands and thousands of pounds to be made but that would only be the case if you got free advertising and free sites," Mr Barnard says. His association's sales generate about £600 surplus a week.

Mr Barnard accepts that the goods for sale are of variable quality, but says that is part of their charm. He says he keeps a loose check of what is on sale and on one occasion informed the police about one trader selling gin-traps. He argues that traders are unlikely to sell stolen goods because of the openness of the events and the presence of the police. "In my view, it is the opposite of what you might think."

This view is not shared by a journalist whose lawnmower and other gardening tools were stolen from a locked garage in Liverpool.

Police and the insurance loss-adjuster had no doubt that a car boot sale would offer the swiftest way of fencing the items, probably the next day, before details of the theft could be put out.

Mr Scott, of the ALA, believes the standards of goods should be checked more rigorously. He says: "We have the power to seize goods that we suspect are unsafe or counterfeit and stop someone from selling them. But most car boot sales take place at weekends and local authorities have financial constraints and cannot afford to fund the overtime for trading standards officers to inspect them."



Put the boot in: some fear sales are fertile ground for crooks

R-R to place engine on US jet

By Paul Betts, Aerospace Correspondent

ROLLS-ROYCE, the UK aero-engine company, has reached an agreement with McDonnell Douglas to provide its heavy-thrust Trent engine for development of the US aircraft maker's new long-range, 375-seat MD-12 airliner.

The UK company is the first to sign an agreement with McDonnell Douglas, but its two US competitors, General Electric and Pratt & Whitney, are also developing engines for the MD-12 three-engine aircraft.

The MD-12 is a larger version of the MD-11 which replaced the DC-10 trijet.

After failing to win sufficient orders for its Trent engine to power MD-11s, Rolls-Royce decided to cease co-operation on that aircraft and instead concentrate on the bigger MD-12. Rolls-Royce had only won Trent orders for the MD-11 from Air Europe, the UK airline which collapsed earlier this year.

Rolls-Royce is involved in a fierce battle against GE and Pratt & Whitney to place its Trent on the new generation of widebody aircraft being developed by all three airframe manufacturers including Boeing, Airbus and McDonnell Douglas.

Although Rolls-Royce has won a large share of the engine market to power the new Airbus A330 twin-engine widebody aircraft, it has suffered a series of setbacks on the new Boeing 777 big twin-engine aircraft.

This included losing to GE a $5bn (£2.8bn) order to supply engines for British Airways's new fleet of Boeing widebodies and a Boeing 777 engine order from All Nippon Airways which went to Pratt & Whitney.

Rolls-Royce said yesterday it would provide an engine with 75,000 lbs of thrust for the MD-12.

McDonnell Douglas is still looking for risk-sharing partners to support the launch of the MD-12, whose development is expected to cost about $4bn. The company's board granted at the end of last month its California-based Douglas Aircraft division the authority to start offering the MD-12 to airline customers.

The US company is negotiating alliances with international partners, especially in the Asia-Pacific region, to help launch the MD-12 programme next year. It confirmed this week at the Dubai air show that it was discussing large risk-sharing subcontracts on the MD-12 and substantial but minority equity investment in the company's commercial aircraft business.

McDonnell Douglas said first deliveries to airlines of the MD-12 could begin in 1997 if the $4bn programme was launched by the middle of next year.

Running of education initiative criticised

By Andrew Adonis

A £134m-a-year government scheme to promote vocational education in schools has been poorly managed by the employment department, the National Audit Office said in a report to parliament yesterday.

The Training and Vocational Education Initiative (TVEI), launched in 1983, is intended to help bridge the gap between school and work. Project grants are made direct to schools, with local education authorities responsible for co-ordinating the initiative.

According to the NAO, a parliamentary watchdog, the employment department has failed to develop national performance targets against which to measure TVEI, and its financial monitoring "fails to demonstrated whether [education] authorities have exercised proper control over TVEI expenditure".

The department is also said to be unduly slow in informing education authorities of the result of evaluation studies. Without such monitoring, the NAO report questions whether the scheme will have any lasting effect if its funding ends in the late 1990s, as planned.

TVEI, National Audit Office. HMSO. £6.15.

Thames in drama talks with BSkyB

By Raymond Snoddy

BRITISH Sky Broadcasting is in talks with Thames Television over a multi-million pound deal to produce a five-days-a-week domestic drama for satellite.

The soap, probably to be set in London, would be produced at Thames Television's Teddington studios, the company's new headquarters following the loss of the capital's weekday television franchise at the end of next year.

The proposals for the production contract are part of a package which would include programmes from the thousands of hours in the Thames library and existing programmes.

BSkyB is particularly interested in The Bill, the twice-weekly police drama which gets audiences of between 12m and 14m.

Both ITV and the BBC are both likely to be interested in The Bill and other Thames programmes including This Is Your Life, Minder and Rumpole.

The satellite company – in which Pearson, publisher of the Financial Times, has a significant stake – hopes that the offer of a package deal, including new productions, will strengthen its hand in any negotiations.

Since being outbid in the competitive tenders for new broadcasting licences last month, Mr Richard Dunn, Thames' chief executive, has stressed that he intends to turn the company into the largest independent producer in the UK.

Detailed talks between BSkyB and Thames are expected to start next week.

Thames is likely to construct packages of new, old and existing programmes for each of its three main UK customers, ITV, the BBC and BSkyB. Each package would have one of the company's most popular programmes in it.

Mr Dunn is clearly keeping all his options open at the moment. They range from bidding for Channel 5, the new national commercial channel, to going on satellite television with a "best-of-the-losers" channel in conjunction with TV-am.

The likelihood is that Thames will want to maximise revenues through programme sales and production rather than going for ventures which will require large capital investment.

Newspaper is cleared

THE Daily Telegraph was yesterday cleared of contempt of court over articles on the collapse of mortgage brokers Homes Assured. The articles were based on a confidential High Court file which contained evidence of a move to disqualify five former Homes Assured directors from holding office as company directors.

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Spending the inheritance

THE ABSENCE of Mrs Margaret Thatcher certainly makes a difference. Not quite a year has passed since she ceased to be prime minister, but the politics of the 1980s are already fading into memory. Take, for example, "a balanced budget" and "reducing the share of public spending in gross domestic product". They are gone with the Autumn Statement winds. Mrs Thatcher would have been obliged to allow the chancellor to spend a large proportion of the extra £8bn of taxpayers' money that Mr Norman Lamont proposes to lay out over the next financial year, since there is no discretion over unemployment benefit, index-linked social security and other statutory increases. She may also have seen political merit in higher spending on health, although not to the extent of the £1.5bn proposed.

But the total package of increases, including heavy subsidies for rail transport, is clearly un-Thatcherite. Call it three-quarters inevitable, one-quarter controllable. Then assume, say, £2bn-£3bn in cuts that the former prime minister would surely have insisted on to compensate for the non-discretionary increases. On a rough estimate, her absence is probably costing the exchequer some £4bn next year, with more to come in the years that follow. That is some difference.

Indeed, if a change in policy normally precedes a change in government, then this week's Autumn Statement should be encouraging news for the Labour party. In the last four years of Thatcherite rectitude, 1986-87 to 1990-91, general government spending rose by less than 1 per cent in real terms. During the first three of those years economic expansion made this easier to achieve. But the government forecasts an increase of 12.7 per cent for 1990-91 to 1994-95, or over 3 per cent a year.

Zero chance

Since real GDP is expected to fall by 2 per cent between 1990 and 1991, the chances that it will rise as rapidly as public spending between 1990-91 and 1994-95 are non-existent, as the Treasury admits. Only a very determined government will be able to get the ratio of public spending to GDP back to the levels of the late 1980s once again. This does not look like such a government.

This is shown as much in the prospects for public borrowing as for spending. Including privatisation proceeds the public sector borrowing requirement is assumed to be 3 per cent of GDP next year. Excluding privatisation receipts, it would be over 4 per cent and it could easily be more. Barring an extraordinarily rapid economic recovery, the prospective rate of growth of public spending precludes an early return to a zero borrowing requirement, let alone to a balanced budget over the cycle. That would require surpluses in the future. It is hard to see how these could be achieved without increasing taxation.

It is true that that much of the surge in spending and the consequent increase in the borrowing requirement is recession-related. But this does not make current policy any less un-Thatcherite. Public spending has been increased by higher unemployment and lower output than was expected a year ago. But for many years ahead the level of output will also be lower than was hoped. A Thatcherite response to the recession and, above all, to the poorer prospects for the future would be to slash spending. The government intends, instead, to maintain public spending and borrow freely. The Labour shadow chancellor, Mr John Smith, might have hoped to inherit more room for manoeuvre, but he could hardly have demanded yet higher expenditure.

High ceiling

Yet, politically speaking, the Autumn Statement has put Labour on the spot. It cannot hope do all the things its policy review holds out as inducements to the electorate without increasing personal taxation for the majority of voters. The product of Labour's proposed increases for people with incomes above £20,000 or so is already promised to pensioners and families claiming child benefit; the rest would require a burst through the high ceiling of Mr Lamont's proposed future spending. Like the Conservatives if they win, Labour, if it wins, will be boxed in, first by the commitment to membership of the exchange rate mechanism and, second, by Mr Major's retreat from Thatcherite budgetry constraints.

As to who will win, the best reading of Thursday's by-election results and the most recent opinion polls is that the score between the two main parties is deuce, advantage Labour. The retreat from Thatcherism in the Autumn Statement may remove that advantage, since the extra spending is to be concentrated on areas in which the public wants it. Yet the score between the parties is likely to remain close until the final set. Only a solid return of confidence and a few months of economic optimism could restore the advantage finally to the Conservatives. They survive on slim hopes.

Cracks appear in the colossus

President Bush is losing his aura of invincibility as the US economy refuses to rebound, writes Lionel Barber

This was the week when President George Bush finally lost his aura of invincibility.

If there was a turning point, it came in the early hours of Wednesday morning when Mr Bush stepped out into a chilly mist to face a barrage of reporters' questions about the stunning Democratic victory in the US Senate race in Pennsylvania.

Mr Bush looked defensive. There was no sense of panic, he insisted. He was not worried about the opinion polls; besides, the latest figures suggested he was ahead of Democratic presidential rivals. It was an unconvincing performance.

Today Mr Bush is looking a good deal happier. After three days of high-profile diplomacy, first at the Nato summit in Rome and then at the US-EC summit in The Hague, the US president has reminded Americans and Europeans how easily he can slip into his role as leader of the western alliance.

But the two faces of Mr Bush – the tentative president at bay at home, and the self-confident leader abroad – are a sober reminder to Republicans that Mr Bush is no longer the colossus he once was. Foreign affairs, so long his strong suit, suddenly risk becoming a political liability, with both Democrats and Republicans rounding on him for being "the absentee president".

In some ways, Mr Bush has himself to blame. This year, he went to Mexico, France, Britain, Greece and Turkey. There was the Moscow summit. He visited Czechoslovakia, Germany and France on one excursion; Canada, Martinique and Bermuda on another. Then there was last week's Middle East peace conference in Madrid, not to mention the Nato annual conference in Rome and the EC summit in The Hague this week. In three whirlwind years, Mr Bush has visited 31 countries.

This week, Mr Bush mercifully called a halt to his globe-trotting. Just as the first reports came through warning of the loss in Pennsylvania, Mr Bush reluctantly decided to postpone a long-planned trip to Asia scheduled for the end of this month. It was a wrenching decision because Mr Bush hates breaking his word, especially to foreign leaders. But the crescendo of criticism in Washington from both parties was too loud to ignore; and the White House was close to panic.

Mr Bush has become more agitated and frustrated at the failure of the US economy to break out of recession

The reason comes down to two words: the economy. During Mr Bush's three years in office the US economy has never been particularly robust; in the past two months most signs of a recovery have petered out. Indeed, only the third quarter of this year shows preliminary growth figures higher than an annual rate of 2 per cent. If the economy shows no sign of improvement, Mr Bush could even risk becoming a one-term president, facing the same question which Mr Ronald Reagan used so effectively against Mr Jimmy Carter in 1980: "Are you better off than you were four years ago?" Senator George Mitchell, the Democratic majority leader, went one step better; a week ago he likened Mr Bush to Mr Herbert Hoover, the one-term Republican who took a hands-off approach to the stock market crash of the late 1920s.

Mr Bush promptly turned on Senator Mitchell during a $1,000-a-plate fund raiser in Houston, Texas, and launched an attack against the Democratic "do-nothing Congress" which was holding up legislation in transport, spending, banking reform and capital gains tax reduction – legislation which, he argued, would stimulate an economic recovery.

To this the Democrats reply that Mr Bush is the "do-nothing president" when it comes to domestic policy. This may be unfair since Mr Bush faces the very practical problem of a Democratic majority in both the House and Senate. Neither chamber of Congress has much interest in helping him, particularly as the November 1992 election approaches. Mr Bush did manage to squeeze out some useful legislation in his first two years: for example the Clean Air Act and Americans With Civil Disabilities Act, and he attempted to improve education standards in co-operation with the state governors. But Mr Bush is also paying the price for his 1988 presidential campaign, which was long on personal attacks, and short on substantive policies which would give him a mandate to push through important legislation.

What is striking in recent weeks is how Mr Bush has become progressively more agitated and frustrated at the failure of the US economy to break out of recession. The immediate reason is that he has been receiving calls from prominent (and sometimes highly-leveraged) Republican fund-raisers and money men who find themselves unable to get loans from commercial banks. Mr Bush's old-boy network of east coast and Texas businessmen has begun to hum with criticism of him. The result is a loud call to deal with the "credit crunch".

Mr Alan Greenspan, chairman of the Federal Reserve, takes the credit crunch seriously. So, too, does Mr Michael Boskin, chairman of the president's Council of Economic Advisers. But neither is sure about what to do.

All this may be the inevitable adjustment after the excesses of the 1980s, when Mr Bush as vice-president was little more than a bystander. The problem is that Mr Bush has never taken much interest in economics or domestic policy – though as a member of the old monied class, he had plenty of doubts about Reaganomics, dismissing it as "voodoo economics".

In short, his main failure is that he has never exercised the kind of tight control and decisiveness on economic or domestic affairs which he displays in foreign policy. The result is painful but inevitable: an absence of consensus in the Bush cabinet which has sparked a minor revolt among cabinet members such as Mr Jack Kemp, the housing secretary, and Mr Robert Mosbacher, commerce secretary, who are pressing for tax cuts as part of an "economic growth package".

The problem is two-fold: Mr Bush, who constantly reminds audiences that he "spilt blood" to reach the budget deficit reduction agreement with Congress, has no desire to renegotiate the pact this year or next; nor does he appear committed to a capital gains tax cut, mainly because his friend, Mr Nicholas Brady, Treasury secretary, does not believe it can pass Congress.

The last option would be to go for a tax cut package and let the deficit agreement go by the board. But, as Mr Bush noted the other day, even talk of such a deal produced a rise in long-term interest rates on Wall Street. If he has a plan, Mr Bush seems inclined to "split the difference", offering concessions to the Democrats on taxes in return for a modest political gain himself. Yet this, too, has its drawbacks. It antagonises the Republican right in Congress, which has never trusted Mr Bush; and it opens room for intruders such as Mr David Duke, the maverick Republican candidate for governor of Louisiana who does not have the backing of the national party.

It took Mr Bush several weeks to condemn Mr Duke. Having insisted he had no desire to intervene in the Louisiana race, he emerged early on Wednesday morning to call Mr Duke a "insincere charlatan who was attempting to hoodwink the voters of Louisiana . . . When someone has so recently endorsed Nazism, it is inconceivable that such a person can legitimately aspire to leadership."

White House officials insist that this was the real Mr Bush who stood up and spoke out; but the question is how to reconcile his apparent indecision in the Duke case and over other domestic issues with his unambiguous stands on foreign policy. Watching Mr Bush in action in Europe this week, the answer seems obvious. Mr Bush does have principles which he is prepared to fight for.

But even in foreign policy his stress on old-fashioned virtues such as loyalty and keeping his word has not always proved successful. During the Gulf war, Mr Bush gave his word to allies that the US would not carry the fight to Baghdad. The US-led coalition did not, and President Saddam Hussein remains in place. Likewise, senior US officials are becoming increasingly impatient with Mr Bush's unwillingness to recognise that Soviet President Mikhail Gorbachev is a leader without power.

At home, Mr Bush is prepared to expend large amounts of energy and political capital defending his appointments, however controversial. He stood by Judge Clarence Thomas, the black conservative Supreme Court nominee, and Mr Robert Gates, CIA director, through bruising political rows – with a firmness that surprised his enemies.

This week in Europe, Mr Bush made a point of bending every allied leader's ear on the virtues of Nato and the US military commitment to the security of the continent. He warned all assembled Nato delegates that if the Europeans want to go their separate ways in creating common European defence and security policy, "then the time to tell us is today".

Mr Bush is more inclined to wear country brogues than hobnailed boots, and it was noticeable that these tough remarks did not appear in his original prepared text. But the White House was keen to give American reporters the story of how Mr Bush talked tough with the allies. As one US official put it: "The Europeans need to know that we have problems back home and people are asking why we are spending so much money on defending Europe?"

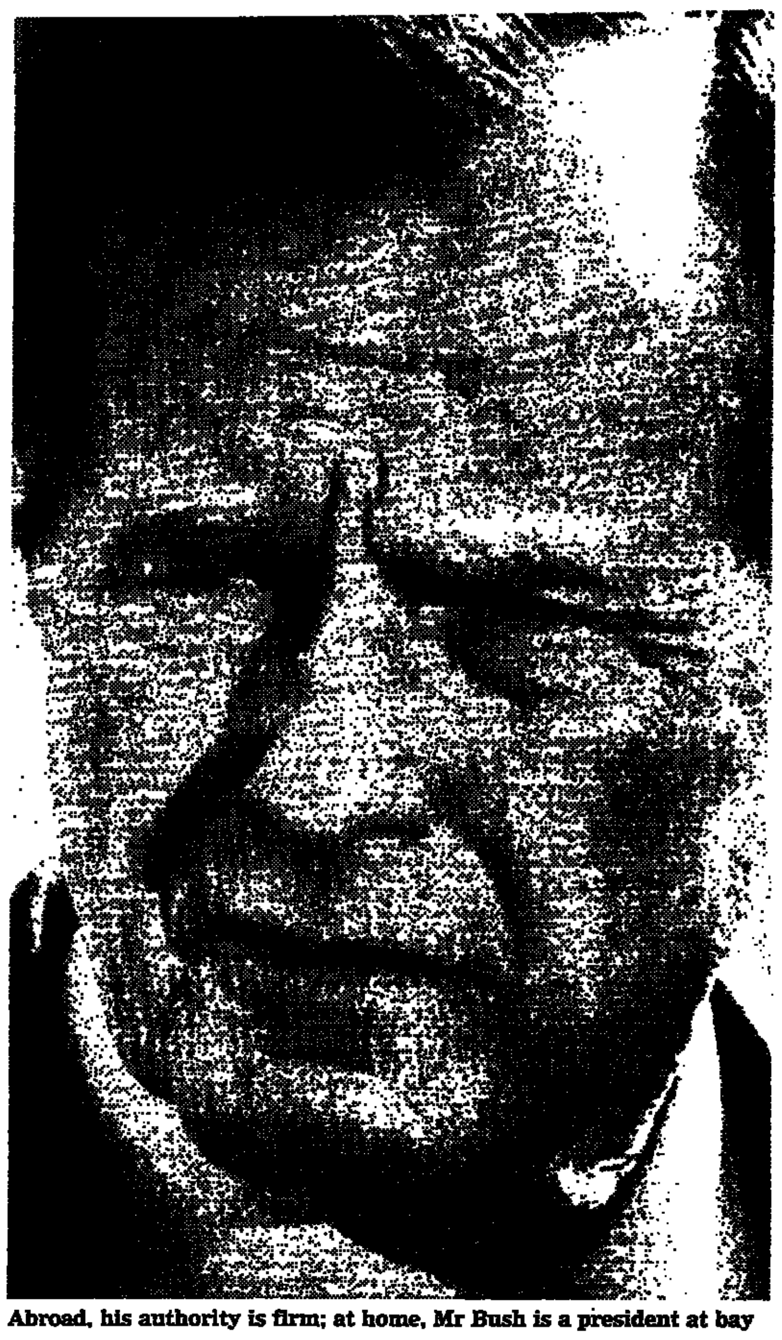
When he returns home today, Mr Bush will find domestic pressures piling up. President Bush is now Candidate Bush, eager to square up to a Democratic challenger. Already, some Democratic candidates such as Governor Douglas Wilder, the black conservative governor of Virginia, and Senator Tom Harkin of Iowa, are using "America First" rhetoric. So too is Senator Bob Kerrey, the Vietnam war hero from Nebraska.

The question is whether any of these candidates can rattle Mr Bush, or whether it will take the entry into the race of Governor Mario Cuomo of New York. After much humming and hawing on the Hudson, Mr Cuomo remains undecided. The liberal press swoons every time he makes a foray out of Albany but the Democratic party is becoming agitated. They want him in, if only to end the uncertainty which is holding up campaign contributions from leading donors.

Mr Cuomo has plenty of brain power, a good sense of humour and a skin which is about as thin as Mr Bush's. His liberal, ethnic background makes him vulnerable to the kind of campaign which Mr Bush used to such effect against Mr Michael Dukakis in 1988. On the other hand, Mr Cuomo does have the ability to move the masses, and to highlight the administration's weaknesses in domestic and social policy.

This was the very campaign which Mr Harris Wofford, a former civil rights adviser to President Kennedy, waged in Pennsylvania, trouncing Mr Richard Thornburgh, the former US attorney-general who was President Bush's hand-picked choice. Mr Wofford talked about universal health care and put out a populist, anti-Washington message. The sheer scale of his victory was a warning to Mr Bush, although the president could take comfort in a Gallup poll showing 64 per cent of people blame Congress rather than the president (18 per cent) for the stagnant economy.

It would be foolish to underestimate Mr Bush. He is a great survivor. He came back after the crushing loss in the US Senate race in Texas in 1970; he barely grabbed his slot as Mr Reagan's running-mate in 1980; he suffered a thousand indignities as vice-president before reaching power in 1988. He is meanest and toughest under pressure. This week, the presidential campaign began in earnest.



Abroad, his authority is firm; at home, Mr Bush is a president at bay

MEN IN THE NEWS

Charles Haughey and Albert Reynolds

Knives out between patron and his protégé

By Tim Coone

"I will believe Charles Haughey is dead when I see him buried at a cross-roads at midnight with a stake driven through his heart, and even then I will carry a clove of garlic in my pocket for good luck." So said Dr Conor Cruise O'Brien, former minister and a commentator on the Irish political scene, a decade ago. Mr Haughey, the Taoiseach (prime minister), had successfully fought off challenges to his leadership through deft political manoeuvring, arm-twisting and influence peddling.

Dubbed the "great survivor" of Irish politics, Mr Haughey now faces what is likely to be the toughest battle of his political career. On Thursday night, he sacked his finance minister, Mr Albert Reynolds, who had thrown down the gauntlet to lead the Fianna Fail party and the government.

Today, in a specially convened meeting, Mr Haughey faces a no-confidence motion tabled by his backbenchers – the first for eight years by his own party.

Financial scandals, involving dubious share and property deals in two state-run companies, have rocked Mr Haughey's coalition government recently. He has been unable to shake off the impression that his flamboyant style of government has been responsible for the scandals. It was his influence that led to the appointment of several personal friends to senior posts in the companies. Allegations of wrongdoing, voiced by the Labour party leader, Mr Dick Spring, and pursued in lurid detail in the Irish press, have sullied Mr Haughey's administration with accusations of political favouritism and corruption. Five heads of state-run companies have resigned.

The opposition parties have harried Mr Haughey mercilessly in the Dail (parliament's lower house) for the past two months, and many of his younger backbenchers have rounded on him.

For two weeks Mr Haughey has given unconvincing performances in the Dail, failing to bring his backbenchers into line and to silence the opposition. It was no longer classic Haughey, the street-fighter coming out with fists flying and smiting his critics. As one commentator later said, it "was more like a lawyer trying to defend a poor brief".

Mr Haughey has long stirred political passions; he is loved and hated in equal measure. He was charged and acquitted of having smuggled arms for the IRA in 1970. He engineered the downfall of Mr Jack Lynch, the Fianna Fail leader in 1979, to assume the top post himself, mobilising grass-roots and backbench support within the party. He then rooted out his opponents when they tried to unseat him in the early 1980s.But this latest putsch against him may at last prove his undoing.

At 55, Mr Reynolds is 11 years Mr Haughey's junior, and has decided to make his bold, make-or-break bid for power now. He was first brought into the cabinet in 1979 by Mr Haughey and rose through a series of ministerial posts to be the Taoiseach's right-hand man as finance minister in 1988. He has been the principal architect of the government's successful economic stabilisation policy since then, and is widely viewed as the most probable successor to Mr Haughey.

The first signs of strain between patron and protégé appeared last summer when Mr Reynolds announced that the government would not be able to meet promised public sector pay awards totalling I£340m in 1992. A spokesman for Mr Haughey dismissed Mr Reynolds's remarks at the time as "propaganda from the finance ministry". Mr Haughey was subsequently forced to admit Mr Reynolds's calculations were correct.

Since then, Mr Haughey has steadily been losing his grip. The consummate party insider can no longer claim to speak for a new generation of Fianna Fail politicians who are not moved by his traditional party appeals for discipline and unity against outside attacks. Mr Haughey married into politics, wedding Miss Maureen Lemass, the daughter of Mr Sean Lemass, former prime minister and party leader during the 1960s. He became part of the party machine early on in his career and for 11 years has run that machine.

Mr Reynolds was first elected to the Dail in 1977, 20 years after Mr Haughey. His original career was organising ballroom dances and cabarets and was himself a country and western singer and performer. Irish television has in the past few days screened Mr Reynolds in jeans, cowboy boots and hat, crooning: "Put your sweet lips a little closer to the 'phone," into a microphone at one function. The last time he put his own lips so publicly to the 'phone was when he called Mr Haughey to announce his challenge.

Having abandoned his cowboy outfit for a pin-striped suit he amassed considerable personal wealth as the owner of a dog food factory, with which he was able to launch his political career. Under the glare of TV lights he appears urbane, articulate and at ease in direct contrast to Mr Haughey. The hint of more open and accountable government which he gives is comforting to Fianna Fail supporters who are increasingly worried by the party's tarnished image and Mr Haughey's faltering leadership.

Mr John Bruton, the leader of the Fine Gael opposition party, accuses Fianna Fail of being a party "driven by personalities not policies. They are concerned with tactical issues not strategic ones; the who and not the what of politics". He believes that whatever the outcome of today's no-confidence motion, "it will not remove the uncertainties surrounding the government's stability".

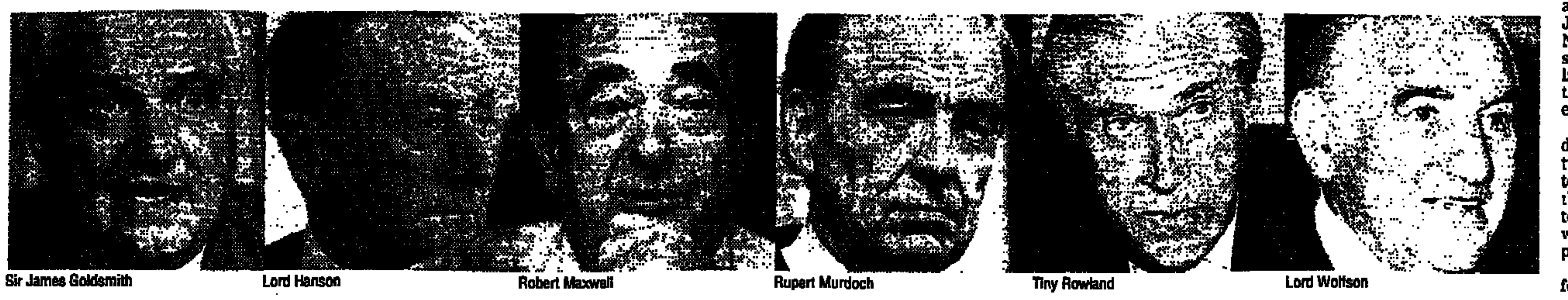
If Mr Haughey loses the vote, a party leadership election would have to follow quickly. By being the first candidate Mr Reynolds would be most likely to emerge as the next prime minister and thus to give the coalition a new lease of life.

If Mr Haughey survives, the loss of his respected finance minister, and continuing dissatisfaction on the backbenches is likely to lead to further challenges to his leadership unless he decides to step aside. Many observers believe his personal choice as successor is Mr Ray MacSharry, EC Agriculture Commissioner until the end of next year. That date is too far ahead for many Fianna Fail stalwarts who themselves are manoeuvring into position to fight for the leadership.

Even if Mr Reynolds does succeed in driving the stake into Mr Haughey's heart, he may not succeed in laying his legacy entirely to rest. As Mr Haughey said in a radio interview yesterday: "Growing chrysanthemums is not as attractive as an active political career."

What is it that defines a tycoon? An aura of power and a gambler's instinct, says **Barry Riley**

Job specification for a breed apart



Sir James Goldsmith | Lord Hanson | Robert Maxwell | Rupert Murdoch | Tiny Rowland | Lord Wolfson

Just a handful of top businessmen deserve to be called tycoon. Robert Maxwell, who met a true tycoon's end this week in a plunge from the deck of his luxury yacht, was unquestionably one of them. But the blend of personality, energy and business acumen needed to build a major commercial empire is rare indeed.

It is not enough just to become rich, or to run a big business. Plenty who do that are merely skilful administrators who would never attract even the passing interest of a gossip columnist. You have got to be hungry and unscrupulous; you must want to manipulate the world to your own ends.

What essentially fascinates about tycoons is their ability to wield power. Often they have an intimidating presence, and while ready to use charm if it works they usually have a bullying side too. There was the famous case, for instance, of the "turning" of Sir Hugh Fraser by Mr Tiny Rowland in the early 1980s. Over dinner at a hotel in Troon, Scotland, the ruthless Lonrho boss, lusting after Harrods, persuaded the House of Fraser chairman to come over to his side.

It was only a preliminary to an amazing battle over the top people's store which brought Mr Rowland into conflict with the Fayed brothers (the present owners), Professor Roland Smith and the Department of Trade and Industry. And still his crusade goes on.

It is all a question of single-mindedness: most of us are inhibited by a desire to be liked and respected, or by a fear of breaking written and unwritten rules, but the tycoon will sweep through, careless of other people's views (in the course of which they may well have brushes with the regulators and the law).

The ability to take big risks – but stay lucky – and keep winning is crucial. Sir James Goldsmith has told the story of how his French pharmaceutical company, which he ran while in his 20s, was about to be bankrupted when presented with bills it could not pay. But on the fateful day the banks happened to be on strike.

In economic terms the function of tycoons is to take initiatives which ordinary businessmen are for one reason or another inhibited from doing. If society were open and fluid these significant market inefficiencies could not exist. But in practice tycoons can make vast fortunes by freeing up economic blockages.

The later career of Mr Maxwell contained two excellent examples of how economic distortions were profitably ironed out. One was the turnaround of British Printing Corporation which by the beginning of the 1980s, in spite of having a near stranglehold over large-scale printing in the UK, was collapsing under the weight of debts and overmanning. In 1981 Mr Maxwell forced his way in and toured the plants in a helicopter making all kinds of closure threats.

Then in 1984 he bought the Daily Mirror. The conventional, respectable management of Reed, the owners, had despaired of making money out of the Mirror, all the profits of which were essentially absorbed by the Spanish practices of the print workers. But Mr Maxwell knew that if he could smash the unions the Mirror would be profitable.

The Thatcher government's anti-trade union legislation made it possible. But only tycoons like Mr Maxwell and his rival Mr Rupert Murdoch, who sensationally moved his newspapers to Wapping over a weekend and endured many months of siege by mobs of print workers, were capable of exploiting the opportunity.

With the power goes the tycoon lifestyle. This has been enormously enhanced by modern technology, making it possible to run a global empire from almost anywhere, even the deck of a yacht. Of course mobile telephones and car faxes are nothing special these days, Mr Rowland is reckoned to have an executive jet permanently on call, should he wish to fly off to meet an African dictator or two.

Minions must be on hand to meet any requirement. Lord Wolfson, who built up the retail giant Great Universal Stores, emulated royalty in that he never personally carried money. If ever he wanted to buy a newspaper or take a taxi an assistant had to be in attendance with some cash.

Having acquired power, a tycoon refuses to share it. Although tycoons do not necessarily own the companies they run, they always *act* as though they do. Mr Rowland is not the chairman of Lonrho, but the pliable ex-politicians who have filled that role have always known who the boss is.

Lord Hanson has only recently bent to pressure from investment institutions to appoint some outside non-executive directors to the board of Hanson. Other tycoons have packed their boards with stooges and cronies.

Lord Hanson is unusual in that he shares power with his long-time business partner Lord White, although the two have worked out very clearly defined spheres of influence. Arguably Lord Hanson is more of a manager and Lord White is the real tycoon of the pair, handling most of the deals; the current row over the Hanson group's purchase of racehorses for Lord White is the stuff of true tycoonery.

Many tycoons have difficulty in separating their personal and corporate affairs. The busted tycoon Mr Alan Bond had a typical obsession with expensive sport – in his case yachting – and Bond Corporation's shareholders eventually found they had purchased Van Gogh's *Irises* for $49m.

Obsessed by power, a tycoon can suffer no internal rivals and so there is an inevitable succession problem. Mr Rowland continues to dominate Lonrho at the age of 73, and Lords Hanson and White recently announced, to some controversy, their plan to carry on as bosses well into their 70s.

Often, however, financial crises force retrenchment and even retirement from the scene. Mr Jim Slater enjoyed only a brief period at the top before sinking into obscurity, his company wiped out by the secondary banking crisis in 1975. He had time, however, to set up the charitable Slater Foundation, a typical gesture of a tycoon who wishes to achieve respectability. Lord Wolfson endowed colleges in Oxford and Cambridge.

Isolation is probably the biggest threat to tycoons. Surrounded by yes-men and driven by powerful egos, they perpetually run the risk of losing touch with reality. Sometimes their errors of judgment are containable, as with Sir James Goldsmith's launch of Now! magazine. But once they start to believe their own publicity, as Mr Donald Trump did, they may make mistakes big enough to topple their empires.

The urge to do deals is also dangerous, although an essential part of the tycoon's character. Mr Maxwell once remarked that he was unable to resist temptation. "If I had been a woman I would have been pregnant all the time," he said.

Dubious intermediaries are forever on the phone with propositions, and tycoons may take one deal too many. Mr Gerald Ronson accepted a request to help shore up the Guinness share price and wound up in prison, apparently lacking the tycoon's sixth sense which tells him just how far he can go into grey areas.

Mr Maxwell's death leaves a gap in the ranks, especially because the media industry is so attractive for tycoons who love its glamour and publicity value. It is an industry where gamblers and mavericks can be highly successful – people such as Mr Murdoch, who even switched nationality in order that he could qualify to own American TV stations.

If you fancy yourself as a tycoon, this could be your chance. But don't look in the "jobs vacant" column. *Instead*, find a yacht, pick up a mobile phone and start dialling.

Two cycles out of synch

Peter Norman on political uncertainty and economic harm

This week's by-election results vindicated prime minister John Major's decision not to hold a general election on Thursday.

But there are signs that political uncertainty resulting from delaying polling day until 1992 could be helping to hold back the economic growth that is crucial to his chances of victory.

Some economists and industry groups believe that worries about the election are depressing consumer spending, restraining a revival in the housing market and hindering another interest rate cut.

This is not to contradict this week's Autumn Statement forecast from the Treasury which sees growth picking up to an annual rate of 2.75 per cent by the end of 1992. While signs of recovery are few, the accompanying chart shows that both consumer confidence and manufacturers' investment intentions are reviving.

But these indicators will only translate into economic activity after a lag and their late upturn ahead of the election that has to be fought by next July underlines how the electoral and economic cycles are out of sychronisation. The average voter will be more conscious of continued high unemployment and house repossessions than of an expanding gross domestic product when Britain goes to the polls.

The "election effect" on the economy is impossible to quantify. But among recent pointers are:

- A poll of 99 captains of industry from Britain's top 500 companies. The survey, conducted by MORI, the opinion research organisation, found that the outcome of the general election worried 55 of the respondents and was the second most important cause of concern among chairmen, chief executives and managing directors.
- Reports from the travel industry suggesting that uncertainty about the election's timing may be depressing next year's holiday bookings.
- Indications that Labour's plans to increase taxes for above-average earners, and uncertainty over the likely form of housing taxation irrespective of which party is returned, are contributing to the lack of housing market activity.

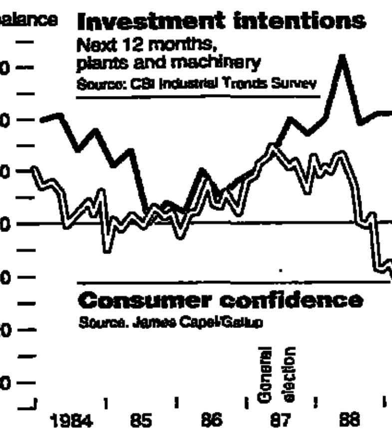
Mr Giles Keating, chief economist of Credit Suisse First Boston, the investment bank, points out that the substitution of domestic rates by the poll tax, and the consequent elimination of taxes on housing, boosted house prices by an estimated 10-25 per cent in the late 1980s. Conversely, he argues, the Conservatives' planned council tax and Labour's proposed "fair rates" policy are weighing on house prices and also reducing liquidity because neither buyers nor sellers can determine the financial impact of the measures when agreeing a price.

Clearly, other factors such as high unemployment, a "debt overhang" among heavily mortgaged families and the growing number of repossessed houses are also hitting the housing market. But anything hindering turnover reduces sales of "big ticket" items such as furniture and domestic appliances and is bad news for the economy.

Political uncertainty also affects industry. Mr Robert Worcester, Mori's chairman, believes that the worries expressed by industry leaders will be reflected in lower investment. "The political uncertainty causes chief executives of major corporations to pause," he says. "They want certainty although not necessarily a specific outcome."

But Professor Doug McWilliams, the chief economic adviser of the Confederation of British Industry, is not so sure. He says that industry has maintained investment in previous pre-election periods and that last month's CBI industrial trends survey showed an improvement in investment intentions. Although a majority of manufacturers still planned to spend less on plant and machinery in the next 12 months than over the past year, the balance of negative responses narrowed to minus seven in October from minus 30 three months before.

But Mr McWilliams does see a political effect on the present level of UK interest rates which are higher than continental rates despite similar low inflation levels. While the differential between German and French rates has disappeared – with three month interbank rates in London and Paris currently around 9.25 per cent – comparable UK rates yesterday were about one percentage point higher and only slightly below British bank base rates of 10.5 per cent.



With the UK now a member of the European Monetary System's exchange rate mechanism, the government's scope to cut interest rates ultimately depends on holding sterling in its agreed margins.

If there is any aspect of the political uncertainty surrounding the economy that worries the authorities, it relates to the possibility of a pre-election sterling crisis. Although the Treasury and Bank of England are practiced at crisis management, the past is a poor guide to future experience. British membership of the ERM means that Mr Norman Lamont, the chancellor, is in uncharted territory.

LETTERS

UK aid falling in real terms

From Maria Elena Hurtado.

Sir, UK aid to the developing world is not increasing in real terms next year as you reported (Autumn statement: analysis, November 7). It is actually dropping.

The FT, however, should be forgiven for its mistake. The Overseas Development Administration's announcement disguised the shameful truth by highlighting a *planned* increased in aid spending in 1994-95. The overseas aid budget for developing countries (excluding contributions to eastern Europe) is £1.786bn for this financial year. It will be £1.831bn next year, an increase of 2.5 per cent in cash terms. Using the government's own assumption of inflation for 1992 of around 4 per cent, this means a fall of 1.5 per cent in real terms.

The collapse of the aid budget since the Conservatives took office has been dramatic: from 0.52 per cent of GNP in 1979 to a mere 0.27 per cent today.

Maria Elena Hurtado,
director,
World Development Movement,
25 Beehive Place,
London SW9 7QR

Precious, and free, advice

From Mr Jonathan Smithie.

Sir, In the article "Where to get advice" in the FT's October Review of Personal Finance you described stockbrokers' advice as a precious but dear commodity, only of great use to the wealthy.

As a member of the stock exchange for nearly 25 years, servicing individual investors all that time, I would like to think my advice is, to use your word, precious; I am myself more comfortable with "sound and intelligible". Be that as it may, such advice has always been free, however small or large the sum in question and, hopefully, of use to those who have sought it.

I am sure I am not alone in thinking such statements (and so many others like them) do nothing to dispel the general ignorance of what most private client stockbrokers actually do.

Jonathan Smithie,
senior partner,
Cawood, Smithie & Co,
22 East Parade, Harrogate

Essential that business should have strategic say in managing London

From Mr Stephen Hayklan.

Sir, While Margaret Hodge makes some valuable points in her article on the future of London's government (Personal View, November 6), it would appear that she fails to acknowledge the essential role that the business community should be given in the decision-making process of a London-wide authority.

The debate in realistic circles is no longer whether there should be a strategic authority for London, but what form it should take. There is no doubt that the views and requirements of the residents of London are important, but there should be no underestimation of the crucial role that business wants and needs to play in the leadership of London so as to enhance and maintain London's competitive status.

The CBI's proposals for a London Development Agency accommodate the views and needs of business as well as those of local government on its board. Conversely, the Labour party's proposals would appear to make no provision for a business voice within the Greater London Authority's decision-making structure.

While the authority proposed by the Labour party has been described as "streamlined", the agency proposed by the Confederation of British Industry would have no more than a third of the membership proposed by Margaret Hodge.

There is a crucial need for business to have a strategic involvement in London's management and promotion. Far from being immune to London's views, the agency would be able to implement proposals and make important new initiatives work in the knowledge that both business and local government were involved and in support of such initiatives. After all, there is wide consensus on the solutions to many of London's problems such as traffic congestion and environmental problems of the city, but no single agency can make them happen.

Only a body which takes the business view on board as well as that of the residents of London will have any chance of tackling these issues in an efficient and successful manner.

Stephen Hayklan,
chairman, London region,
CBI,
Centre Point,
103 New Oxford Street,
London WC1

Measures of skills shortages so subjective as to be meaningless

From Mr Stephen Wynn.

Sir, Richard Brown (Letters, November 4) claims that 20 per cent of companies are suffering skill shortages, based on the results of a survey of members of Chambers of Commerce.

As a method of measuring skill shortages, the results of such surveys of companies are so subjective they are meaningless. For example, "we are short of salesmen to sell our products and innovative designers to create new ones" is more likely to be a reflection of the intrinsic difficulty of selling and designing the products than of a skill shortage.

Those companies claiming skill shortages should be challenged as to whether they have advertised for the skills they require, with what results, and whether they are offering reasonable pay and conditions.

The truth is that the country is awash with surplus skills of all kinds.

Stephen Wynn,
8 Clarence Gardens,
Brighton,
Sussex BN1 2EG

Possession

From Mr G A Alexander.

Sir, References to houses being repossessed suggest that earlier ownership lay with those who are now foreclosing on loans. It would be more accurate to say that houses were being possessed, but perhaps the banks and building societies would be sensitive to connotations of evil.

G A Alexander,
A & R Equity,
37 Sun Street,
London EC2

Hands off the hallmark

From Mr Kim Roberts.

Sir, Seven hundred and fifty years of consumer protection is about to be swept away on a tide of Euromania. The European Parliament has it in mind to change the compulsory system of hallmarking precious metals to a voluntary one, thus continuing to reduce everybody's standards to the lowest common denominator.

What are these short-sighted, bumptious, soulless beings who lack vision and intelligent understanding doing?

Hallmarks are the oldest form of consumer protection provided by the Assay Offices of Great Britain and Ireland. This independent and inexpensive service provides the necessary information for the public to enable them to buy with confidence because, at a glance, they can tell who made the article, where it was made, who tested it and when and, most importantly, what it is made of.

Some manufacturers in the EC believe that the existence of hallmarking procedures are a barrier to trade. True if your trade is that of deception. Anything can be passed off as 18 ct gold or 925 silver and would the consumer be any the wiser? We must oppose the deregulation, lobby our MPs and MEPs and disprove Gresham's law that the bad drives out the good.

Kim Roberts,
managing director,
Roberts & Dore,
31/35 Kirby Street,
Hatton Garden,
London EC1

What charities legislation must embrace to boost public confidence

From Mr Ansel Harris.

Sir, Your analysis of the part of the Queen's Speech devoted to charities (Nov 1) observes: "Many charities believe such [proposed] legislation would increase people's confidence in the charitable sector."

That some charities have been losing this confidence is exemplified by the demise of War on Want, and the continued criticism of Oxfam by such groups as diverse as Jack Parsons of the Population Centre of the University of Wales, and shop volunteers who closed "the Harrods of Oxfam" by withdrawing their services because of Oxfam's political stance.

When, earlier this year, the Charity Commissioners published their inquiry into Oxfam's political activities and demanded that "the unacceptable political activities of the charity must cease," Mary Cherry, the chairman of Oxfam, spoke of the implications for charities whose work involved an element of political campaigning, and said "...our primary object...cannot be achieved without advocacy" ("Charities watchdog tells Oxfam to keep out of politics", May 10).

In her letter of October 14 she again demonstrated her (and the charity's) ambiguous attitude to the criticisms of erstwhile supporters (and to the commission). The attitude of many of us critical of current Oxfam philosophy was summed up in an article I wrote two years ago: "None of us would wish to see its (Oxfam's) legitimate aid and development work among the world's neediest, its essential constituency, diminished or distorted in any way." It was to be hoped that legislation would help charities back to their prime tasks and commitments.

The director of the National Council of Voluntary Organisations asserts that "most charities are excellently run". Were that the case, the recommendations of the two investigations that preceded the White Paper, and the White Paper itself, would have been redundant. But if the legislation deals only with financial regulation and administrative arrangements and ignores the other aspects of charity abuse, the public will continue to reduce its support of the sector.

Ansel Harris,
national honorary treasurer, Oxfam 1980-86,
23 Ferncroft Avenue,
London NW3

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution

Provisions force NHL to £48m loss

By David Barchard

NATIONAL HOME Loans Holdings, the mortgage and financial services group, said yesterday it would pay no final dividend on either its preference or its ordinary shares after bad debt provisions drove it into heavy losses in the year to September 30.

Mr John Darby, chairman, said that a range of options was being explored for the future of the group, ranging from its sale, or an alliance with a strategic partner, to a refinancing and restructuring of the business. However he would give no further details.

Mr Darby said: "Several factors contributed to these results, but underlying the specific problems is the stubbornly poor state of the UK economy."

Pre-tax losses were £47.9m, against profits of £30.2m last time. Bad debt provisions were £88.7m, up from £7.3m in 1990.

Stockbroker analysts in the City described the results as "horrific" and "disastrous", saying they raised fundamental questions about the group and its future.

"I wonder how it is that NHL has to make mortgage provisions far above those made by Leeds Permanent building society when it has a mortgage book of only £1.7bn, compared to the Leeds's £13.3bn," said Mr John Wriglesworth of UBS Phillips & Drew, stockbroker.

Trevor Humphries

John Darby (left) and Kevin Milner: 'horrific' results

The group said that its liquidity position remained strong. In July NHL received a £200m cash lifeboat from 10 clearing banks after local authorities, keeping funds with National Mortgage Bank, NHL's banking subsidiary, became uneasy about deposits held with small banks in the wake of the BCCI collapse.

SG Warburg, the merchant bank, was appointed in August to advise NHL on its future.

The group has a mortgage book of £1.7bn (£2.18bn) on its balance sheet and a further £2.1bn in securitised mortgages which it manages, although they have been taken off the balance sheet.

The group has been doing little lending since the summer and passed £125m of outstanding mortgage offers to the Yorkshire building society.

Of 71,000 mortgage accounts, 12,000 are in arrears, though half this number made arrangements with NHL. About 60 per cent of the mortgages in arrears were "self-certified" business from customers without jobs providing regular salary income. NHL currently holds 1,700 repossessed properties, though 900 are under offer. About 200 homes have been repossessed since September 30.

The group's subsidiaries also slipped into the red. NHL Leasing made pre-tax losses of £5.8m (profit £600,000). Business Loans made a £1m deficit (£800,000 profit) and the group's consumer loans companies incurred losses of £6.2m (profits £1.3m).

Costs rose from £29m to £40.9m. Mr Kevin Milner, chief executive, said the increase came mainly from diversification plans contemplated in 1990. He said that the group, which currently has 870 employees, does not intend to make redundancies as they could jeopardise its value to a potential purchaser.

Losses per share emerged at 50.2p (earnings 15.6p). Net asset value per share declined to 57p (116.4p).

See Lex

Black cab fall leaves Manganese in red

By Richard Gourlay

MANGANESE BRONZE, the maker of London's black taxi cabs, yesterday reported a collapse into losses, as the vehicle division became another casualty of the lingering recession.

The company incurred pre-tax losses of £949,000 in the year to July, down from profits of £4.66m the previous year, on sales which fell 17 per cent to £69.7m.

Earnings per share last year of 18.14p turned into losses of 3.78p and the group is to cut its dividend for the year from 8p to 1p.

Mr Jamie Borwick, Manganese's managing director, said the company had been hit by the fall in demand for black cabs. Taxi production had fallen from 75 cabs a week to 35 at its worst in July, although demand has picked up enough to justify making 45 a week.

Mr Borwick said he was concentrating on trying to keep the balance sheet in order during the recession. Gearing had risen to 11 per cent from no debt last year but was under control.

The company also made a £1.21m exceptional charge relating to redundancy costs. Mr Borwick said that as long as the UK recession did not deepen, no more redundancies should be necessary.

Manganese also made a £1.04m extraordinary provision against its 18 per cent stake in UltraFine Powder Technology where it has a £1m investment. The joint venture with a number of venture capital groups had some very good technology but was continuing to lose money and had an uncertain future.

Operating profits in the powder metals division fell from £1.17m to £708,000, largely surviving its exposure to the automotive industry.

Profits in the foundries division collapsed from £866,000 to near break even with BSA Foundries in Darlington suffering severe losses.

Mr Borwick said there were no signs yet of an economic upturn.

Art market slump forces Sotheby's loss up to $18m

By Bronwen Maddox

THE DOWNTURN in the art market increased the third-quarter pre-tax losses at Sotheby's Holdings, the auction house, from $5.44m to $18m, or £10.1m.

Sotheby's, like Christies International, its rival auctioneer, has been hit by the slump in the demand for modern and Impressionist art as well as the general downturn in the art markets. For the first nine months of 1991 the company's auction sales were $810m ($1.7bn).

The result brings the pre-tax losses for the first nine months of 1991 to $8.88m ($111.7m) on revenues of $133.8m ($264.1m).

The seasonally loss-making third quarter saw auction revenues down slightly at $18.1m ($18.3m), despite strong income from Old Masters and jewellery. The third-quarter loss per share increased from 6 cents to 22 cents, making the nine-month loss per share 11 cents (earnings $1.17).

Nevertheless, Sotheby's has maintained the third-quarter dividend at $0.15.

The company said it had noticed a gradual improvement in the third quarter and renewed enthusiasm in the recent New York Impressionist sale.

However, third-quarter income from principal activities, mainly the Acquavella Modern Art joint venture, which was $16.3m in 1990, became a loss of $300,000.

A swing from receivable interest of $2.83m to payable interest of $715,000 also contributed to the increase in the auction division's third-quarter losses from $5.35m to $18.2m.

Pre-tax profit on art-related financial services rose to $1.77m ($1.35m).

The marketing and brokering of luxury real estate turned an operating loss of $223,000 into almost break-even.

Mr Michael Ainslie, president and chief executive, said that he expected the final quarter to be profitable although less so than the previous year, and expected 1991 overall to be profitable.

White Rose tries again for Yorkshire franchise

By Raymond Snoddy

WHITE ROSE Television is going to make a last ditch effort to try to win the Yorkshire region commercial television franchise despite being outbid.

Mr Richard Hanwell, chairman of White Rose, which was outbid by Yorkshire TV in last month's competitive tenders, has asked for meetings with Yorkshire's main shareholders, Pearson and WH Smith.

Pearson, publisher of the Financial Times and WH Smith, the retailing group, each have a 19.9 per cent stake and have said they will vote to accept Yorkshire's £37.7m franchise bid.

Only White Rose, which bid £17.4m, and Yorkshire passed the initial quality threshold.

Mr Hanwell will tell Pearson and WH Smith that it is in the interests of shareholders and viewers for Yorkshire Television to turn down the franchise offer. He believes it would then pass to White Rose with £200m less going to the Treasury over the 10-year franchise.

"I don't believe that Yorkshire is in a position to make quality programmes, employ 1,000 people in Leeds and pay more than £37m a year to the government," said Mr Hanwell last night.

Although some minority shareholders are interested in the White Rose plan the company accepts that it can probably only happen if at least one of the two main shareholders can be persuaded to change its mind.

The secret Yorkshire business plan which accompanied the bid envisages the broadcasting company staying in profit throughout the franchise period.

White Rose argues that if Yorkshire shareholders turn down the franchise they would have a profitable independent production company plus 25 per cent of White Rose.

Yorkshire argued in a circular to shareholders this week that it's legal advice was that if the franchise was turned down the Independent Television Commission could re-advertise it.

A commercial QC has advised White Rose that the "ITC would not be entitled to re-advertise the licence and that White Rose would therefore receive the licence as the highest qualified bidder."

Yorkshire shareholders will be asked to approve the new licence at an EGM on November 20.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
180	F.P.	-	200	188	Adam & Harvey	196		W10.0	5.9	6.8	3.3
-	F.P.	-	2½	2	Butte Mining Wrrnts	2½		-	-	-	-
1	F.P.	-	110	83	Capital Ventures 1p	83		-	-	-	-
4	F.P.	-	9½	3	Culver 1p	3	-½	-	-	-	-
100	F.P.	-	102	97	Drayton Recovery Trust	98		M7.8	-	10.6	-
25	F.P.	-	26	26	‡Dumas Group 10p	26		-	-	-	64.2
-	F.P.	-	23	18	Eng. & Scott. Wrrnts.	20		-	-	-	-
‡	F.P.	-	130	124	European Motor 40p	124	-1	-	-	-	-
-	F.P.	-	320	213	Eurotunnel '91 Wrrnts.	235		-	-	-	-
100p	F.P.	-	507	485	Fidelity Euro Values Units	486		-	-	-	-
§§235	F.P.	-	283	256	Frost Group	282	+7	u2.0	0.9	0.9	12.0
100	F.P.	-	115	105	Gartmore Scotland Inc.	109		M11.6	-	14.2	-
100	F.P.	-	99	85	Do Capital	90		-	-	-	-
-	F.P.	-	£665	£605	Do Units	£655		-	-	-	-
195	F.P.	-	215	210	JIB Group 10p	214	+1	R7.5	1.8	4.7	15.9
567	F.P.	-	570	563	°Latin Am Extra Yld	570		-	-	-	-
§§28	F.P.	-	22	18½	M & G Income Cap 1p	18½		-	-	-	-
-	F.P.	-	66	61	Do Geared Units	62		M4.91	-	10.6	-
§§44	F.P.	-	45	44	Do. Income 1p	44		M4.91	-	14.9	-
100	F.P.	-	102	97	Do Package Units	98		M4.91	-	6.7	-
50	F.P.	-	54	44	‡Simpsons of Cornhill 5p	44		-	-	-	13.6
62½	F.P.	-	65	62	Vtech Holdings 5c	65		-	-	-	-
-	F.P.	-	3	1½	Wills Group Wrrnts.	2½	-¼	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
10p	F.P.	-	9p	8p	Butte Mining 10pc (Net) Cv Prf 1994	9p	
100	F.P.	-	100	98½	Camborne Inds. 10½pc Rd. Deb. 2001	98½	
100p	F.P.	-	102p	100p	Drayton Recovery Tst. Prfd. Growth £1	100¼p	
100p	F.P.	-	101p	101p	Fidelity Euro. Values Equity Ln 2001	101p	
100p	F.P.	-	112½p	104¼p	Gartmore Scotland Zero Div Prf.	112½p	
34½p	F.P.	-	37p	35¼p	M & G Income Zero Div Prf. 1p	36p	
100p	F.P.	-	104p	101¼p	NatWest Bank 9pc Prf Series A	102p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
33	Nil	25/11	8pm	8pm	Anglo Eastern Plantations	8pm	
10	Nil	20/11	2pm	½pm	British Thornton 5p	½pm	
350	Nil	-	104pm	93pm	De La Rue	104pm	
100	Nil	22/11	31pm	24pm	European Motor 40p	24pm	-1
Ir7.5	Nil	12/12	1¼pm	½pm	‡Kenmare Res. Ir5p	½pm	
450	Nil	12/12	87pm	80pm	Serco Group 2p	87pm	+2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ° Unregulated collective scheme.

TRADITIONAL OPTIONS

- First Dealings Nov. 4
- Last Dealings Nov. 15
- Last Declarations Feb. 6
- For settlement Feb. 17

For rate indications see end of *London Share Service*

Calls in Midland & Scottish Res., ML Labs., Next, Natl. Home Loans, Pittencrieff, Ratners and Ross. Puts in Maxwell Comm.

West Ham launches £15m debenture bond issue

By Gary Evans

WEST HAM UNITED is to become the third UK football club to finance the redevelopment of its ground through the issue of debenture bonds.

In order to comply with The Taylor Report's all-seater recommendations, the East London club's Upton Park ground is to undergo a £15.5m three year redevelopment, of which £15.1m will come from the bond issue, to be called "The Hammers Bond".

Full details of the debenture pricing and benefits will be announced later this month, but prices will start from £500. Glasgow Rangers were the first UK football club to announce a debenture scheme; followed in May this year by Arsenal, which launched a £16.5m bond issue.

Mr Martin Cearns, the chairman, said the decision to remain at Upton Park and the financing method chosen followed a detailed survey of supporters. This showed that 94 per cent of fans wanted the club to stay at their present ground; that 86 per cent wanted to participate in the redevelopment and that nearly 70 per cent indicated they would be interested in buying a bond.

Total all-seated capacity at Upton Park on completion of work in August 1994 will be around 25,300, compared with 29,300 currently and an average gate this season of 22,700. Outline planning permission for the complete redevelopment, together with detailed plans for the first phase, was submitted two weeks ago, and work is expected to begin next May.

Mr Cearns said there would be no reduction in resources available for player purchases. Over the last five years, the club has incurred a net deficit of over £2m on player transactions.

DIVIDENDS ANNOUNCED

Cranswick Mill §	int	2.3	Jan 29	2	-	6.5
Drayton Asia	fin	0.7	Jan 3	0.7	0.7	0.7
Futura	int	nil	-	0.5	-	1.25
Manganese Bronze	fin	1	Dec 18	4.5	1	8
Natl Home Loans	fin	nil	-	5.25	3.75	9
Oxford Insts	int	1.4	Mar 25	1.35	-	4.15
Sotheby's	int	0.15	-	0.15	-	-
Unilever	int	5.03	Dec 31	4.86	-	16.16
Unilever NV	int	1.48‡	Dec 19	1.44	-	5.27
Whitbread Inv	int	4.2	Jan 3	3.95	-	13.9

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡Dutch florins.

Alan Paul inquiry as chairman resigns

By Peggy Hollinger

THE RECENTLY-appointed chairman of Alan Paul, the hairdressing group, yesterday announced an independent inquiry into the company's finances and then resigned after just four weeks in the job.

Trading in the company's shares was suspended at its request at a price of 20p pending the outcome of the review. The company was floated on the USM in 1989 at a price of 140p per share.

Mr Brian Solomon, who held a non-executive position, said that he had resigned to make room for a full-time chairman.

His resignation was accompanied by the news that Alan Paul's founder and ex-chairman, Mr Alan Moss, and Mr Michael Rowland, a former managing director, have been suspended from their duties as directors of the company.

Mr Solomon will be succeeded by Mr Arthur Fabricant, a non-executive director and former chairman of Essanelle, the hair salon group bought by Alan Paul in last year for £8.5m in shares.

Mr David Bell has been appointed finance director, replacing Mr Clive Warner.

Ten days before Mr Solomon took up his position, Alan Paul warned that interim profits would be materially below expectations.

The warning came six weeks after the group – under Mr Moss's chairmanship – completed a £5.3m 1-for-3 rights issue.

When Mr Solomon became chairman, the board gave him three weeks to conduct an informal inquiry into the group's performance since the rights.

"It soon became clear that the numbers were not as it was suggested they would be," he said, referring to comments at the time of the cash call. "Certain optimism may have been ill-judged."

As a result, accountants Coopers & Lybrand Deloitte have been asked to investigate the company's performance during the first six months of the financial year.

Profits have been hit by losses at the Body and Face Place, a manufacturer and retailer of beauty products.

However, Mr Christopher Dowling, director of Alan Paul's financial advisers, Rutland Corporate Finance, said the group's franchise business was not doing as well as the market had thought.

Mr Julian Grice, of brokers Henry Cooke Lumsden, said difficulties with the franchises could have pushed profits "off the cliff".

However, at the time of the annual general meeting, just two months ago, Mr Moss said that trading was going well on the hair side.

Mr Grice added that the former chairman had also expressed the hope that the Body and Face Place would break even by the year-end.

Mr Solomon said last night that the group was reviewing options for the Body and Face Place in light of continuing losses.

Unilever beats City forecasts with £545m in third quarter

By Guy de Jonquières, Consumer Industries Editor

STRONG PERFORMANCES by ice cream and detergents in Europe, improved results in North America and lower interest costs helped Unilever, the Anglo-Dutch consumer products group, to increase third quarter pre-tax profits by 10 per cent, from £496m to £545m.

The outcome was above analysts' forecasts of between £510m and £530m. However, Unilever cautioned that too much should not be read into one quarter's figures and said it was still awaiting evidence of a sustained recovery in the world economy.

Sales in the quarter to September 30 rose by 4 per cent to £6.02bn (£5.78bn). In the nine months, pre-tax profit rose 3 per cent to £1.38bn (£1.34bn) on sales of £17.38bn (£16.83bn).

The 5 per cent rise in third quarter operating profit to £597m (£567m) was held back by about £15m of exceptional charges. But income from fixed investments (minority shareholdings) grew to £20m (£13m), while a £400m reduction in borrowings to £2bn cut interest costs to £72m (£84m).

Operating profit in Europe fell to £379m (£393m) on sales of £3.63bn (£3.54bn). However, Sir Michael Angus, Unilever joint chairman, said that before exceptional items, both margins and profit in Europe increased.

European consumer businesses out-performed professional activities such as catering. Ice cream benefited from an improvement in the weather and from strong demand for less seasonal products such as Vienetta frozen desserts.

The recently reorganised detergents operations performed strongly. But other businesses "reflected the environment of only modest growth."

There was no sign of recovery in the UK, though Germany remained buoyant, enjoying sales growth faster than average for the company.

In North America, operating profit rose to £106m (£70m) on sales of £1.2bn (£1.14bn). Operations there benefited from lower exceptional charges and improved performance by food, though Unilever said it was unsure whether recent signs of US economic recovery would be sustained.

In the rest of the world, operating profit rose to £112m (£104m) on sales of £1.19bn (£1.1bn). Results in Argentina, Chile and Thailand improved, but difficulties persisted in Brazil and Mexico.

Worldwide operating margins edged up to 9.9 per cent (9.8 per cent) in the quarter. Net profit rose 14 per cent to £336m (£295m) at constant 1990 exchange rates, and by 12 per cent to £325m (£290m) at current rates.

Earnings per share rose 11 per cent to 17.4p (15.61p) during the quarter and by 3 per cent to 45.82p (44.53p) in the nine months.

Interim dividends of 5.03p (1990: 4.86p) and Fl 1.48 (Fl 1.44) were declared.

Asda rights over 80% taken up

THE £357m rights issue by Asda, the debt-laden grocery retailer, has been taken up with more than 80 per cent acceptances, writes Roland Rudd.

The successful issue contrasts sharply with the two previous cash calls, at British Aerospace and Hillsdown Holdings, which were shunned by shareholders, the directors stated.

Asda, which is planning to announce details of the issue on Monday, will now be able to reduce its £931m debt to £574m and gearing from 72.1 per cent to 36.6 per cent.

The company, which was in danger of breaching its banking covenants, has negotiated a £200m two-year committed facility with National Westminster and Swiss Bank Corporation and received unanimous approval from a syndicate of almost 30 banks to amend its borrowing facilities.

These negotiations involved a £500m multi-option facility and a £260m transferable term loan facility.

Both deals were dependent on the approval of the rights issue. Institutional shareholders said they had exercised their rights for three main reasons.

- The issue was heavily discounted to the market price. The 1.06bn shares were offered on a 9-for-10 basis at 35p each, compared to yesterday's closing price of 47p.
- Big shareholders were relieved that Mr Archie Norman, the 37 year-old finance director of Kingfisher, had agreed to fill the vacant post of chief executive.
- Asda, with a turnover of more than £4bn, is regarded as a good business which only lost its way under the former management.

Oxford Instruments down 30%

By Michiyo Nakamoto

THE EFFECTS of recession in western economies continued to take their toll on Oxford Instruments, the advanced instrumentation company, which reported a 30 per cent decline in pre-tax profits from £6m to £4.2m.

Operating profits fell 53 per cent to £1.8m (£3.7m) on turnover down 4 per cent to £49.7m (£51.7m).

The interim dividend, however, is increased to 1.4p per share (1.35p) on lower earnings of 5.7p per share (8.2p).

The shares slipped 4p to 243p.

Dr Peter Williams, the chairman and chief executive, said the group's semi-conductor processing business was most affected by the downturn in activity and suffered a loss. Steps were taken to reduce costs, including a reduction in staff from 130 to under 100.

The scientific research division, which develops and manufactures instruments for fundamental scientific research, put in a mixed performance, with some divisions still affected by the recession.

On the positive side, the group won a $6.5m contract for superconducting cable and a $3m order for the Superconducting Supercollider in Texas while the patient monitoring business, also performed well.

Peter Williams: semi-conductor loss

Oxford Magnet Technology Limited, the group's joint venture with Siemens in magnetic resonance imaging (MRI) which is a diagnostic imaging technique used in medicine, contributed £2.33m (£1.94m) to operating profits.

● COMMENT

The dip in Oxford's first-half results was not entirely unexpected, as evidenced from the market's moderate response to the figures. Steps have been taken to bring costs down while maintaining crucial R&D expenditure.

Its medical activities, which were the first to feel the effects of recession, are already bouncing back up.

However, the company's own statements are cautious on immediate prospects. In the longer term, the promise of synchrotron, a device which enables semiconductor manufacturers to pack more circuits onto microchips than is possible with conventional systems and which is a potential money spinner with a $1bn market worldwide, has yet to materialise as the group continues to look for a second purchaser.

Yet it is moving more aggressively into the Japanese market, the largest potential market for synchrotron, with the formation of a sales and services company there.

Pre-tax profits for the full year forecast between £9.6m and £12m give prospective multiples of 19 to 15, which put the shares on a fairly high rating attractive mainly to those with confidence in the group's long term prospects.

NEWS DIGEST

Oceana Cons back in profit

OCEANA Consolidated Company, which has interests in banking and finance, returned to the black in the half year to September 30.

From pre-tax losses of £1.09m – sharply increased by an exceptional charge of £936,000 – the company has swung back to profits with £115,000. Operating income advanced to £4.35m (£2.97m), though there were no realised investment gains this time (£427,000).

Earnings worked through at 1.47p per share (losses 14p).

The directors said that the start of calendar 1991 had seen a return to more normal conditions and that the improvement had been maintained.

Platon International £299,000 in the red

Platon International, the USM quoted instrumentation group, announced pre-tax losses of £299,000 for the half year to September 30 after an exceptional charge of £166,000 resulting from restructuring and rationalisation in the UK, France and Germany.

In the corresponding period of 1990, Platon recorded a profit of £103,000, and there were no exceptional items.

The French company, MIP, which was acquired in August 1990, ran into problems and after the small profit achieved in the second half of 1990-91 suffered a setback in the period to September 30. The management has been strengthened and Platon is in the process of integrating MIP with its other French subsidiary, Platon International.

Group turnover totalled £3.51m (£2.86m which included just one month of MIP) and there was a trading profit of £10,000 compared with £240,000. There was a loss per share of 2.8p (1.3p earnings) and again there is no dividend.

BMSS well behind with £254,000

Adverse trading conditions, and unfavourable weather in February, meant BMSS produced a pre-tax profit of only £254,000 in the half-year ended July 31 1991, against £675,000.

Turnover fell to £8.56m (£13.9m) although part of that was the result of rejecting very low margin business. But gross margins increased from 27.5 per cent to 29.8 per cent.

Earnings per share slumped to 2.23p (6.09p) but the interim dividend is held at 2p.

Significant rise in Futura losses

First-half losses at Futura Holdings rose from £550,000 to £940,000 and the interim dividend is being passed.

Turnover to July 13 increased from £2.39m to £4.04m, but the operating loss moved up to £329,000 (£276,000) and interest charges were £645,000 (£333,000).

The directors said the turnover rise was mainly the result of residential property sales of £700,000 (nil) and sales from the new employment agency division of £1m (nil).

The footwear side continued to trade in an increasingly difficult market, though turnover of soft footwear improved.

On the property side, a significant development at Styal, Cheshire, was completed and being offered for sale or let, with other completed properties.

Losses per share moved up to 19.44p (9.16p). Last year the interim dividend was 0.5p.

New Cavendish achieves £28,000

New Cavendish Estates, the property investment, development and management group, stayed in profit throughout the year ended June 30 1991, making £28,000 against a loss of £103,000.

Net rental income rose to £1m (£551,000) reflecting rent reviews and the inclusion of 28/30 Little Russell Street for the first time, and losses from property trading and development were cut to £230,000 (£877,000).

Management fees declined to £79,000 (£530,000) as properties under management were sold, and finance and other charges moved up to £1.25m (£707,000). These included £620,000 interest costs (nil, as £663,000 capitalised), £255,000 (£1.98m) property write-down, and a 10 per cent reduction to £630,000 in administration costs – they were expected to fall a further 35 per cent in the current year when the full benefit of cost cutting took effect.

Mr Henk Schep, the chairman, considered that maintenance of rental streams and reduction in operating costs were key responses to present conditions, and that prudent approach was supported by the majority shareholder.

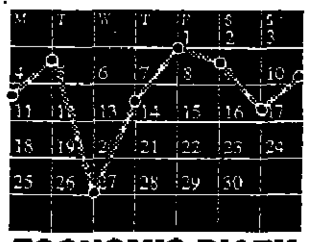
Net borrowings were unchanged at just over £1m and gross debt had been reduced by £4m in the year.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 09.11.91: Pool purchase price £/MWh	Final Prices for Trading on 12.10.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.28	15.87	15.87
0100	19.38	15.86	15.86
0130	26.00	15.90	15.90
0200	26.00	15.90	15.90
0230	24.50	15.90	15.90
0300	18.00	15.90	15.90
0330	16.28	15.86	15.86
0400	16.25	15.87	15.87
0430	16.79	15.86	15.86
0500	16.12	15.85	15.85
0530	16.12	15.82	15.82
0600	16.12	15.82	15.82
0630	16.15	15.94	15.94
0700	16.22	15.86	15.86
0730	16.22	15.90	15.90
0800	16.28	16.83	19.44
0830	18.15	16.83	19.43
0900	18.96	22.33	25.03
0930	20.16	22.33	25.03
1000	20.82	16.83	19.43
1030	20.82	16.83	19.43
1100	20.37	16.83	19.43
1130	20.16	16.83	19.43
1200	20.16	16.82	19.42
1230	19.53	16.77	19.36
1300	19.53	16.64	19.24
1330	19.35	16.64	19.24
1400	16.31	16.64	19.24
1430	16.29	16.64	19.24
1500	16.28	15.90	15.90
1530	16.28	15.96	15.90
1600	16.28	15.94	15.94
1630	16.28	15.90	15.90
1700	21.07	16.64	19.24
1730	25.63	16.64	19.24
1800	26.82	16.82	19.42
1830	26.53	16.83	19.43
1900	26.42	18.84	21.49
1930	23.30	20.80	23.50
2000	21.75	20.80	23.50
2030	21.75	18.84	21.49
2100	18.35	18.27	20.91
2130	19.35	18.27	20.92
2200	19.35	16.83	19.43
2230	16.28	16.80	19.41
2300	16.22	16.80	19.41
2330	16.15	16.80	19.41
2400	16.19	15.86	15.86

Prices are determined for every half-hour of each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.6[illegible] becomes 1.6[illegible]p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited



ECONOMIC DIARY

TODAY: Prime ministers of Soviet republics meet in Kiev to discuss ways of sharing Soviet resources and foreign debt obligations.
TOMORROW: Mr John Major, prime minister, has meeting with Mr Helmut Kohl, German chancellor, in Bonn.
MONDAY: Credit business (September). Retail sales (September - final). Ministerial meeting of the Group of 24 of the leading industrial nations in Brussels. Gatt talks in Geneva.
TUESDAY: UK acquisitions and mergers (third quarter). Producer price index numbers (October - provisional). European Community foreign ministers discuss political union in Noordwijk (until November 14). Financial Times conference "Liner shipping in the 90s" in Amsterdam.
WEDNESDAY: Capital issues and redemptions (October). Index of output of the production industries (September). US producer price index for October. EC and Hungary hold talks on association agreement in Brussels. CBI regional industrial trends survey. Financial Times conference "Bulk shipping in the 90s" in Amsterdam. Initial prospectus for BT share offer.
THURSDAY: Labour market statistics: unemployment and unfilled vacancies (October - provisional); average earnings indices (September - provisional); employment, hours, productivity and unit wage costs; industrial disputes. Provisional figures of vehicle production (October). Capital expenditure by the manufacturing industries (third quarter - provisional). Financing of the central government borrowing requirement (third quarter). Monetary statistics including: M4 sectoral analysis; bank and building society sterling lending (third quarter). US consumer price index for October; retail sales for October, and real earnings for October. BCCI scheduled to be arraigned in New York State Supreme Court. Financial Times conference on "World Electricity" in London.
FRIDAY: Usable steel production (October). Retail prices index and tax and price index (October). US industrial production/capacity utilisation for October; business inventories (September).

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday November 8 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Nov 7 Index No.	Wed Nov 6 Index No.	Tue Nov 5 Index No.	Year ago (approx) Index No.	1991 High		1991 Low		Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (181)	817.91	+0.7	9.31	5.96	13.43	31.79	812.44	813.98	814.25	684.47	890.04	15/3	675.31	16/1	1038.07 16/7 /87	50.71 13/12/74
2 Building Materials (23)	997.34	+1.8	7.42	6.24	17.75	41.35	980.01	981.61	985.57	921.74	1167.75	14/3	911.64	16/1	1381.08 16/7 /87	44.27 11/12/74
3 Contracting, Construction (30)	1083.41	+0.8	7.50	6.78	18.89	49.81	1074.70	1070.06	1069.54	1113.73	1438.66	15/3	1051.79	25/10	1951.50 16/7 /87	71.48 2 /12/74
4 Electricals (11)	2512.12	.....	8.70	5.81	14.56	84.23	2511.77	2483.77	2481.40	1806.42	2675.48	1 /10	1837.98	22/1	3040.80 8 /9 /89	84.71 25/6 /62
5 Electronics (25)	1730.90	+0.3	10.76	5.51	11.81	51.73	1726.12	1713.91	1713.76	1558.37	1958.19	15/3	1478.08	16/1	2308.22 19/5 /89	1229.01 8 /10/85
6 Engineering-Aerospace (8)	360.14	+0.7	15.56	7.21	7.76	18.52	357.57	355.65	357.06	389.89	469.23	9 /4	351.85	4 /11	502.42 13/6 /90	351.85 4 /11/91
7 Engineering-General (43)	489.07	+0.3	10.02	5.17	12.29	16.58	487.47	488.15	489.64	344.99	503.16	2 /10	339.57	23/1	505.10 15/6 /90	339.57 23/1 /91
8 Metals and Metal Forming (9)	422.37	-0.9	15.50	8.39	7.83	18.43	426.09	427.24	425.77	396.75	509.18	3 /4	381.44	16/1	596.67 9 /10/87	49.65 6 /1 /75
9 Motors (12)	338.02	.....	7.66	7.12	17.33	17.56	338.14	336.43	336.71	269.81	371.25	6 /9	266.43	16/1	411.42 13/10/87	19.91 6 /1 /75
10 Other Industrial Materials (20)	1584.69	+0.8	7.96	5.14	14.93	57.59	1571.78	1593.21	1588.83	1124.22	1695.01	2 /9	1147.76	16/1	1881.53 18/8 /89	277.55 15/1 /81
21 CONSUMER GROUP (190)	1590.33	+0.8	7.17	3.51	17.25	34.04	1578.00	1574.83	1576.44	1166.78	1590.33	8 /11	1188.45	16/1	1590.33 8 /11/91	61.41 13/12/74
22 Brewers and Distillers (22)	1949.96	+0.7	7.90	3.45	15.41	38.33	1937.06	1929.65	1929.55	1468.20	1957.20	18/10	1478.24	25/1	1957.20 18/10/91	69.47 13/12/74
25 Food Manufacturing (19)	1218.08	+1.5	9.30	4.10	13.30	29.98	1199.96	1196.96	1195.18	972.77	1251.91	2 /10	1013.60	16/1	1251.91 2 /10/91	59.67 11/12/74
26 Food Retailing (17)	2422.46	+1.3	9.08	3.40	14.39	52.15	2391.96	2401.48	2424.33	2203.36	2854.91	2 /5	2259.53	2 /1	2854.91 2 /5 /91	54.25 11/12/74
27 Health and Household (23)	4039.25	+0.5	5.00	2.34	22.95	61.87	4019.65	3999.90	3996.97	2365.27	4039.25	8 /11	2454.93	16/1	4039.25 8 /11/91	175.38 28/5 /80
29 Hotels and Leisure (24)	1354.46	+1.0	7.53	5.20	16.42	45.61	1340.99	1336.75	1329.97	1182.60	1405.62	2 /9	1066.91	25/1	1845.77 8 /9 /89	54.83 9 /1 /75
30 Media (26)	1496.75	+1.0	7.06	4.76	18.52	44.40	1481.39	1498.22	1510.80	0.00	1565.67	20/9	1166.91	16/1	1565.67 20/9 /91	1166.91 16/1 /91
31 Packaging, Paper & Printing (17)	770.21	+0.6	7.01	4.31	17.30	23.54	765.67	763.73	761.32	477.65	788.41	9 /9	486.96	16/1	788.41 9 /9 /91	43.46 6 /1 /75
34 Stores (32)	1042.47	+0.4	7.21	3.56	18.17	20.52	1037.98	1033.34	1034.91	792.00	1042.47	8 /11	766.89	29/1	1160.58 29/7 /87	52.63 6 /1 /75
35 Textiles (10)	644.08	+0.1	7.23	4.82	17.62	15.49	643.26	644.04	647.94	408.14	652.30	1 /11	396.58	28/1	914.52 2 /10/87	62.66 11/12/74
40 OTHER GROUPS (110)	1243.46	+0.6	9.74	5.24	12.92	36.02	1236.36	1231.24	1233.71	940.08	1330.48	2 /10	961.05	16/1	1330.48 2 /10/91	58.63 6 /1 /75
41 Business Services (12)	1392.46	.....	7.66	4.69	16.22	39.29	1391.67	1384.09	1391.69	0.00	1447.24	4 /10	892.28	1 /2	1447.24 4 /10/91	892.28 1 /2 /91
42 Chemicals (21)	1422.75	+1.2	7.08	5.09	17.43	48.39	1406.26	1408.56	1416.19	1001.35	1520.52	2 /9	1004.01	16/1	1545.46 5 /10/87	71.20 1 /12/74
43 Conglomerates (11)	1455.43	+0.5	9.93	7.20	12.21	38.87	1448.51	1446.87	1467.97	1208.16	1626.42	14/3	1217.37	16/1	1819.46 11/8 /89	975.19 10/11/87
44 Transport (13)	2326.74	+0.5	7.35	4.85	16.85	68.02	2314.88	2296.71	2298.93	1791.44	2425.36	2 /10	1730.87	23/1	2554.69 12/7 /89	90.80 29/6 /62
45 Electricity (16)	1201.95	-0.5	14.61	5.41	8.92	27.53	1208.34	1204.84	1207.05	0.00	1286.51	2 /10	994.96	7 /1	1286.51 2 /10/91	994.96 7 /1 /91
46 Telephone Networks (4)	1479.23	+0.9	10.44	4.21	12.54	28.34	1466.11	1456.51	1456.76	1053.99	1658.67	2 /10	1085.95	16/1	1658.67 2 /10/91	517.92 30/11/84
47 Water (10)	2384.52	-0.4	17.13	6.48	6.46	118.37	2395.22	2379.61	2387.70	1939.15	2539.85	6 /9	2134.83	16/1	2539.85 6 /9 /91	1820.20 1 /5 /90
48 Miscellaneous (23)	1857.16	+1.2	5.27	5.31	26.29	70.17	1835.41	1825.64	1803.70	1482.00	2033.42	15/8	1506.17	16/1	2087.06 11/7 /89	60.39 6 /7 /75
49 INDUSTRIAL GROUP (481)	1288.19	+0.7	8.38	4.51	14.89	34.81	1279.29	1276.79	1278.32	979.27	1326.09	6 /9	991.97	16/1	1326.09 6 /9 /91	59.01 13/12/74
51 Oil & Gas (19)	2387.69	+0.6	10.95	5.82	12.07	93.60	2374.15	2385.45	2392.91	2284.04	2509.42	23/7	2101.45	21/1	2528.70 3 /8 /90	87.23 29/5 /62
59 500 SHARE INDEX (500)	1383.16	+0.7	8.69	4.67	14.48	39.49	1373.81	1372.24	1374.21	1085.87	1424.90	2 /9	1092.04	16/1	1424.90 2 /9 /91	63.49 13/12/74
61 FINANCIAL GROUP (91)	771.79	+0.8	–	6.05	–	32.04	765.96	761.90	766.78	678.22	859.94	15/3	667.36	16/1	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	895.57	+1.5	4.65	5.96	40.64	37.46	881.91	875.08	888.49	714.41	990.15	6 /9	695.08	15/1	990.15 6 /9 /91	62.44 12/12/74
65 Insurance (Life) (7)	1497.36	+0.9	–	5.66	–	63.68	1483.81	1464.01	1451.45	1257.11	1632.53	4 /9	1220.74	16/1	1632.53 4 /9 /91	44.88 2 /1 /75
66 Insurance (Composite) (6)	565.83	-0.2	–	7.76	–	32.94	567.17	566.59	568.33	574.30	728.27	15/3	561.11	25/10	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (10)	1099.29	-0.4	7.42	6.06	17.66	43.14	1103.33	1108.44	1113.46	895.54	1202.38	5 /4	932.88	23/1	1399.56 17/7 /87	65.86 16/12/74
68 Merchant Banks (7)	480.83	-0.4	–	4.39	–	13.08	482.86	482.95	484.25	344.90	485.63	1 /11	327.70	16/1	547.59 12/10/87	31.21 7 /1 /75
69 Property (35)	902.88	+0.4	5.86	5.13	24.43	24.74	899.35	896.86	897.41	940.71	1087.65	15/3	872.76	24/10	1398.87 5 /9 /89	56.01 20/4 /65
70 Other Financial (17)	249.80	.....	11.44	7.38	10.97	11.08	249.87	250.67	251.94	244.38	298.63	15/3	236.37	16/1	603.48 16/7 /87	33.29 17/12/74
71 Investment Trusts (70)	1213.54	+0.2	–	3.57	–	28.89	1210.61	1207.27	1213.56	986.79	1261.80	6 /9	947.19	16/1	1323.81 4 /1 /90	71.12 13/12/74
99 ALL-SHARE INDEX (661)	1236.43	+0.7	–	4.82	–	37.18	1228.08	1226.00	1228.64	985.66	1284.07	6 /9	987.46	16/1	1284.07 6 /9 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 7	Nov 6	Nov 5	Nov 4	Nov 1	Year ago	1991 High		1991 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2559.0	+21.0	2564.8	2537.3	2538.0	2534.2	2540.9	2527.8	2549.5	2040.6	2679.6	2 /9	2054.8	16/1	2679.6 2 /9 /91	986.9 23/7 /84

FIXED INTEREST

PRICE INDICES	Fri Nov 8	Day's change %	Thu Nov 7	Accrued Interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (27)	122.02	+0.16	121.83	1.74	10.75
2 5-15 years (28)	135.21	+0.43	134.63	1.99	11.84
3 Over 15 years (8)	143.89	+0.65	142.96	1.99	11.50
4 Irredeemables (6)	157.28	+0.61	156.33	0.43	13.45
5 All stocks (69)	133.35	+0.36	132.87	1.91	11.60
Index-Linked					
6 Up to 5 years (2)	166.88	+0.11	166.70	0.41	3.16
7 Over 5 years (9)	149.35	-0.04	149.41	0.87	3.83
8 All stocks (11)	150.64	-0.02	150.66	0.80	3.81
9 Debs & Loans (60)	113.90	+0.37	113.48	2.07	9.26

AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 8	Thu Nov 7	Year ago (approx.)	1991 High		1991 Low	
British Government								
1 Low	5 years	8.48	8.50	10.38	10.14	16/1	8.43	3 /10
2 Coupons	15 years	9.43	9.49	10.83	10.24	2 /1	9.24	18/9
3 (0%-7¾%)	20 years	9.43	9.49	10.86	10.26	2 /1	9.24	18/9
4 Medium	5 years	9.65	9.69	11.40	11.15	2 /1	9.56	20/9
5 Coupons	15 years	9.56	9.63	11.27	10.62	2 /1	9.41	20/9
6 (8%-10¾%)	20 years	9.52	9.59	11.22	10.50	2 /1	9.35	18/9
7 High	5 years	9.86	9.90	11.51	11.25	2 /1	9.75	20/9
8 Coupons	15 years	9.64	9.72	11.48	10.80	2 /1	9.50	18/9
9 (11%-)	20 years	9.57	9.64	11.46	10.67	2 /1	9.41	18/9
10 Irredeemables†		9.63	9.69	10.96	10.48	31/12	9.43	18/9
Index-Linked								
11 Inflation rate 5%	Up to 5yrs.	3.82	3.83	3.64	4.48	15/7	3.59	18/1
12 Inflation rate 5%	Over 5 yrs.	4.24	4.23	4.27	4.40	1 /8	4.09	18/2
13 Inflation rate 10%	Up to 5 yrs.	3.23	3.23	2.47	3.60	9 /7	2.13	21/2
14 Inflation rate 10%	Over 5 yrs.	4.07	4.06	4.09	4.22	15/8	3.90	12/4
15 Debs &	5 years	11.32	11.34	13.36	12.63	9 /1	11.08	25/9
16 Loans	15 years	11.12	11.15	12.86	12.38	18/1	10.84	23/9
17	25 years	10.93	10.98	12.50	12.16	18/1	10.66	23/9

‡Opening Index 2537.5; 9 am 2541.1; 10 am 2546.9; 11 am 2551.8; Noon 2556.7; 1 pm 2556.9; 2 pm 2559.4; 2.30 pm 2564.1; 3 pm 2562.3; 4.10 pm 2557.7; (a) 2.25pm (b) 8.33am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991. CONSTITUENT CHANGES: DELETIONS: ELF UK 12¼% Unsecured Loan 1991, VSEL Consortium 11% Unsecured Loan 1996. ADDITIONS: Great Portland Estates 10¾% Debenture 2021, JIB Group (67).

LONDON TRADED OPTIONS

[illegible]

November 8 Total Contracts 27,296
Calls 17,970 Puts 9,326
FT-SE Index Calls 1,919 Puts 2,446
Euro FT-SE Calls 522 Puts 215
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months.
Premiums shown are based on middle prices.

REGISTRATION NUMBERS

[illegible]

Unilever Results

THIRD QUARTER 1991

Net profit for the third quarter, at constant rates of exchange, increased by 14% over the corresponding period last year to £336 million. Profit before taxation rose by 10% to £545 million.

In Europe operating profit declined. However, before exceptional items there was an increase in both margins and profit. Our ice cream operations made a major contribution to the result following a successful summer season. Our detergents business also advanced. The performance of our other businesses, however, reflected the environment of only modest growth.

In North America our results benefited from lower exceptional charges. The performance of our foods business improved.

RESULTS

Third Quarter 1991	Third Quarter 1990	Increase	£ millions (unaudited)	Nine Months 1991	Nine Months 1990	Increase
At constant (1990 annual average) exchange rates						
6,024	5,783	4%	Turnover	17,383	16,829	3%
597	567	5%	Operating profit	1,545	1,549	–
545	496	10%	Profit before taxation	1,385	1,344	3%
336	295	14%	Net profit	883	821	8%
At each period's average exchange rates						
325	290	12%	Net profit	857	831	3%
17.40p	15.61p	12%	Combined earnings per share (per 5p of ordinary capital)	45.82p	44.53p	3%

In the Rest of the World a number of countries improved their performance, notably in Latin America.

Strong cash flows enabled borrowings to be reduced and as a consequence interest costs fell.

At the average rate of exchange for each period net profit increased by 12% in Sterling, 11% in Guilders and 2% in Dollars over the corresponding quarter of last year.

INTERIM DIVIDENDS

PLC per 5p Ordinary share - 5.03p (1990: 4.86p).
N.V. per Fl.4 Ordinary capital - Fl. 1.48 (1990: Fl. 1.44).

Rates are equivalent in value at the rate of exchange applied in terms of the Equalisation Agreement between the companies. Should there be a change in the current rate of Advance Corporation Tax, the PLC dividend will be adjusted.

The PLC dividend will be paid on 31 December 1991 to shareholders registered on 5 December 1991.

The N.V. dividend will be payable as from 19 December 1991.

The provisional results for the fourth quarter and for the year 1991, and the proposed final dividends in respect of 1991, will be published on Tuesday 25 February, 1992.

For copies of results statements please telephone **Freephone 0800 181 891** or write to: Unilever External Affairs Department, P.O. Box 68, Unilever House, London EC4P 4BQ or, for Guilder version, P.O. Box 760, 3000 DK Rotterdam.

Unilever

INTERNATIONAL COMPANIES AND FINANCE

Krupp and Hoesch merger deadline set for February

By **Andrew Fisher** in Frankfurt

KRUPP and Hoesch, the German steel and engineering companies, have set a deadline of mid-February by which they intend to reach basic agreement on a possible merger to create a group with a combined turnover of around DM30bn ($18bn).

At the same time, Hoesch, taken by surprise last month by the news that Krupp had acquired a 24.9 per cent stake, made clear it could survive alone. Its Strategy 2000, setting out its business concept for the rest of the 1990s, was presented yesterday by the management to the supervisory board.

Reinforcing its desire for a merger, Krupp said a further 30.4 per cent of Hoesch's shares was owned by banks and institutions which supported the idea.

The 55.3 per cent in the hands of Krupp and friendly institutions does not include the 12 per cent owned by Westdeutsche Landesbank; the regional bank said it would see how merger talks progressed before deciding what to do with its shares.

As with the recent tussle between Continental and Pirelli of Italy, which sought control of the German tyre company – the two are now holding co-operation talks – Krupp has not presented a formal takeover bid to Hoesch.

For its part, Hoesch has stressed its ability to remain independent while at the same time recognising that Krupp has the upper hand.

Mr Kajo Neukirchen, Hoesch's chief executive, said yesterday he would step down if a merger took place or Hoesch came under Krupp's control.

But he denied rumours that he would resign now as a result of the "surprising developments" of recent weeks. He has been in the job for just over three months.

Hoesch's supervisory board also removed Mr Constantin von Dziembowski, the business development director, from the management board after his previous suspension. It gave no reason, but he is believed to have gone beyond his authority in co-operation talks with Krupp.

Munich Re to maintain payout

By **David Waller** in Frankfurt

MUNICH RE, Europe's largest reinsurance group, said yesterday that the premium income of its parent company will rise by 6 per cent in the year to June 1992.

It also predicted that it would hold next year's dividend at DM50 per share and unveiled plans for a small rights issue.

At the same time the company announced that group after-tax profits for 1990-91 fell from DM176.6m to DM104.9m ($64.7m), reflecting the impact of last winter's storms on the reinsurance industry. Munich Re had to pay out DM 1.96bn as a result of the January 1990 storms. It said that burden was the worst it had experienced in its 110-year history, with the exception of the San Francisco earthquake of 1906.

The storm had no dramatic effect on the parent company, where net profits fell slightly from DM67.2m to DM66.9m. Mr Horst Jannott, chairman of the supervisory board, explained in Munich yesterday that the company had been able to cope with the extreme situation without any difficulties because of recourse to reserves and increased income from capital investments.

Premium income for the year rose by 4 per cent to DM.13.1bn. The reinsurance outlook for the current year to June 30 1993 would benefit from a tightening of rates which followed the storms last year – and from a relative absence of exposure to natural disasters since.

The company's rights issue is on a one-for-200 basis at DM200 a share. It will raise DM6.7m.

● Aachener Rueckversicherungsgesellschaft yesterday announced plans for a one-for-five rights issue at DM300 a share. It also proposed a maintained dividend of DM10 a share for 1990.

For 1991 the company expects to make a profit on its insurance operations after a loss of DM53.7m in 1990. Last year Aachener Re made a group net profit of DM10m, against DM11.3m.

Ashland to buy chemical units from Unocal

By **Alan Friedman** in New York

ASHLAND OIL, the Kentucky-based independent oil company, yesterday announced plans to acquire most of the chemicals distribution division of Unocal, the Los Angeles-based energy group.

The businesses acquired are in the retail distribution sector, which is one of Ashland's strengths. The purchase price was not disclosed, but is believed to be around $90m.

Ashland had net profits of $145m for the year to September 30, down from $182m the previous year. Sales were $9.9bn, up slightly from $9.5bn.

Ashland's chemicals division, which had $2.3bn of sales in the last year, outperformed the industry, with operating income of $98m, up by 40 per cent. Much of Ashland's holdings are on the distribution side of the business; the company has few chemical manufacturing activities.

Ashland yesterday said that Unocal was not selling the part of its chemicals division involved in the bulk shipment of hydrocarbon solvents. The acquisition of retail distribution interests "provides a good shield against oil refining earnings, which can be volatile", the company said.

Ashland's oil business is mainly on the refining and marketing side; the company has three refineries in the Midwest. Ashland also owns Valvoline, the nation's second biggest motor oil company.

● W.R. Grace, the energy, video distribution, textiles and fertiliser conglomerate, said it plans to dispose of businesses worth $1.5bn.

The company, which says it expects to sell $600m of businesses by the year-end, plans to focus more on its core chemicals and health care activities.

Among the businesses Grace said it plans to sell is its 83.4 per cent stake in the Grace Energy Corporation, an oilfield services business.

Tough going for Japan's steelmakers

By **Robert Thomson** in Tokyo

JAPAN'S leading steelmakers yesterday reported sharply lower profits in the first half to September, blaming the decline on the slowing of the domestic economy, particularly the car and construction industries, and on an increase in labour and raw materials costs.

Nippon Steel, the world's largest steel maker, said sales for the period were Y1,270.5bn ($9.8bn), down 2.6 per cent, while pre-tax profits fell 31.4 per cent to Y55bn. Sales to the civil engineering and electric machinery industries remained strong, but these increases were overshadowed by a sharp fall in construction orders this year reflecting the softness of the Japanese property market.

The company reported that the Japanese steel industry's output for the six months totalled 55.62m tonnes, down 1.23m tonnes on the preceding half, while Nippon Steel's output was 14.45m tonnes, 240,000 tonnes lower.

Engineering department sales at Nippon Steel rose 20 per cent to Y100.6bn, and sales in the chemicals, ceramic products, and electronics division rose 9 per cent to Y24.9bn.

For the full year, the company expects sales of Y2,600bn, unchanged from last year, and a pre-tax profit of Y110bn, down from Y160bn.

Kobe Steel was the exception among the leading makers, reporting a slight increase in pre-tax profit from Y28.5bn to Y28.8bn, on a 2.8 per cent lift in sales to Y660.7bn. Income from the iron and steel, and welding division was down 0.7 per cent, as exports to China increased, but shipments to the US fell during the period.

In the aluminium and copper division, Kobe's sales rose 0.2 per cent, helped by strong domestic demand for air conditioners, which lifted sales of copper tubing. Sales in the machinery sector rose 10.7 per cent, with firm demand for large metal-processing equipment, but a decline in orders for construction machinery and cutting tools.

For the full year, Kobe Steel forecasts a pre-tax profit of Y58bn, up from Y56.5bn, on sales of Y1,325bn, marginally higher than last year's Y1,321.4bn.

NKK reported a 50.6 per cent fall to Y14.1bn in first-half pre-tax profit, in spite of a 1.8 per cent increase in sales to Y596.6bn. The company blamed the decline on higher material costs, increased labour and distribution charges, and the weakness of the stock market, which limited sales of its marketable securities.

The company has revised its estimate for capital spending this year downwards from Y137bn to Y129bn. For the full year, NKK expects a 1.7 per cent increase in sales at Y1,350bn, but a 16.7 per cent fall in pre-tax profit to Y42bn.

Sumitomo Metal Industries reported a 2.9 per cent rise in sales to Y569.16bn and a 45 per cent fall in pre-tax profit at Y22.2bn, which was blamed on higher interest charges, an increase in personnel costs arising from Japan's labour shortage, and higher charges for freight and related services.

"It is expected that the circumstances surrounding the steel industry will become more difficult as production declines further in the wake of the inventory readjustment which accompanies a weakening economy," Sumitomo Metal said.

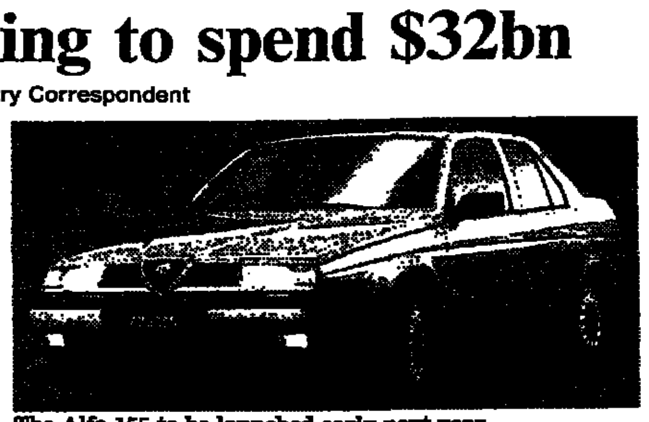
For the full year, the company expects a 1 per cent increase in sales to Y1,170bn, and a 40 to 45 per cent fall in pre-tax profit from last year's Y73.6bn.

Kawasaki Steel reported a 43.2 per cent decline in pre-tax profit to Y25bn, in spite of a 7.7 per cent increase in sales to Y592.3bn for the first half. Sales of steel products rose 2.1 per cent, while engineering and other operations showed a 47.6 per cent gain.

The company expects that overseas sales will ease, but stronger domestic prices will mean a 1.2 per cent increase to Y1,200bn in sales for the full year, but higher labour, distribution and sub-contracting costs will mean a 37.9 per cent fall in pre-tax profit to Y50bn.

Fiat planning to spend $32bn

By **Kevin Done**, Motor Industry Correspondent



The Alfa 155 to be launched early next year

FIAT, the Italian vehicle maker which includes the Alfa Romeo and Lancia marques, is planning to spend L40,000bn ($32.6bn) over the next ten years to develop its car operations.

The company said yesterday that it was aiming to launch new models at the rate of two a year over the next nine years.

In 1992 it will launch the Fiat 500, a mini car that will be produced exclusively in Poland and will replace the Fiat 126 in western European markets, as well as the Alfa Romeo 155, a new medium-sized sports saloon to replace the current Alfa Romeo 75.

Fiat said that around L16,000bn would be invested in product development for its Fiat, Alfa Romeo and Lancia marques, some L7,000bn would be spent on plant and equipment, L13,000bn on production technology, L2,000bn on sales and marketing, and L2,000bn on information technology.

Mr Giovanni Agnelli, Fiat chairman, told a special management meeting that the group had the capacity to continue to generate the resources needed for the investment, despite the crisis in world car demand, growing competition and an international price war.

The Fiat group has lost ground significantly in the western European car market in the last two years, and its earlier challenge to the Volkswagen group of Germany for market leadership has faded badly.

In the first nine months of this year its sales volume in western Europe fell by an estimated 8.8 per cent to 1.36m vehicles compared with an overall rise in the market of 2.5 per cent.

Its market share fell to 12.7 per cent from 14.3 per cent a year earlier, while in the same period the VW group boosted its share to 16.5 per cent from 15.4 per cent.

Analysts split on prospects for Foster's

By **Kevin Brown** in Sydney

SHARES in Foster's Brewing moved higher for the second consecutive day yesterday in spite of concern over restructuring proposals put forward by Mr John Elliott, the group's former chairman and chief executive.

The shares added 2 cents to A$1.84, following a 6 cents rise on Wednesday. But analysts were divided about whether the rally reflected support for Mr Elliott or relief at signs that the dispute may be settled before next week's annual meeting.

International Brewing Holdings (IBH), the private company controlled by Mr Elliott which owns 38 per cent of Foster's, is understood to have sought further talks on the restructuring proposal with Mr Nobby Clark, the independent chairman of Foster's board.

The IBH plan is understood to involve spinning off Foster's pastoral and finance operations into a separate company as a means of unlocking hidden value in the group.

The proposals would benefit IBH by distributing to it a share of the A$2.5bn capital value of the non-brewing assets, which would help the company meet financing costs on debt of around A$2.4bn.

However, the proposal is understood to be broadly similar to a plan for unlocking value previously rejected by the Foster's board because it would breach the group's borrowing covenants by depleting its assets.

Timken chooses German site for $40m plant

By **Andrew Baxter**

TIMKEN, the world's largest producer of tapered roller bearings, has chosen a site in the German state of Saarland for a $40m plant to broaden its European presence and strengthen its position in high-value-added market segments.

The plant, at Uberherrn, will be part of Timken's "21st century bearing business" project which will also involve a new facility at Asheboro, North Carolina. Timken already has three European plants – Colmar in the Alsace, and Duston and Daventry in the UK.

The new plant is being sited in Germany because many of the industrial customers for Timken bearings are based there or in the surrounding countries. The site is also only 200km from Timken's European headquarters at Colmar.

Lower metal prices hit Placer in third quarter

By **Bernard Simon** in Toronto

PLACER DOME, the Vancouver-based mining group, was hit by lower metal prices in the third quarter, which more than offset record gold production.

Net earnings fell to C$15.9m (US$14.3m), or 7 cents a share, from C$83.9m, or 36 cents, a year earlier. The 1990 third-quarter figure includes a C$54m gain, equal to 23 cents a share, from the disposal of oil and gas operations.

Revenues climbed to C$300.4m from C$296.8m in the 1990 third quarter.

Total gold output of mines in which Placer has an interest jumped to 564,000 ounces from 454,000, thanks to record production at the Campbell mine in Ontario and rising output from Papua New Guinea's Porgera mine, in which Placer has a 23 per cent interest.

But the average realised price fell to US$392 from US$410 per ounce. Prices for other metals were also lower, with silver and molybdenum operations posting small losses.

Gold production costs dropped to $204 from $222 an ounce, and total costs to $280 from $292.

Placer said that the Porgera project remains on schedule for completion in September 1992. Drilling has started to identify new reserves.

A US$218m gold and silver processing plant at the 50 per cent owned La Coipa mine in Chile began commercial production on October 1. Production for the rest of the year from the plant, which is the largest in South America, is forecast at 52,000 oz of gold and 5.7m oz of silver.

AGA profits little changed

AGA, the Swedish industrial gas group, reports profits after financial items of SKr1.065bn for the first nine months of 1991, against SKr1.07bn a year ago, writes Robert Taylor from Stockholm.

Sales rose to SKr9.4bn from SKr9.1bn. The company said it expected profits for 1991 would be similar to the SKr1.43bn achieved last year.

AGA said it had suffered a fall in operating income in its gas operations.

Fukutake Publishing to expand globally

By **Emiko Terazono** in Tokyo

FUKUTAKE Publishing, the Japanese correspondence course company, which is acquiring up to 55.6 per cent of Berlitz International from Maxwell Communication Corporation (MCC), plans to establish an international education and publishing businesses through Berlitz's global network.

"Berlitz will give our correspondence education a foothold," Fukutake said, yesterday.

Fukutake signed a letter of intent to buy up to 16m shares in Berlitz at $25 per share from Macmillan, the US publishing subsidiary of MCC. It said the deal was expected to be completed this year.

Fukutake, an unlisted company based in Okayama in eastern Japan, is the largest correspondence course company in the country, with 2.4m subscribers ranging from kindergarten to high school level. For the year ended March 1991 it posted pre-tax profits of Y12.5bn ($96.9m) on sales of Y116bn.

It acquired 20 per cent of Berlitz Japan, the Japanese arm of Berlitz, a year ago. The company said it received an offer to buy the shares in September from MCC.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$353.95	-3.90	$385	$392.25	$353.55
Silver Per troy oz	228.55p	-6.85	216.05	280.55	183.35p
Aluminium 99.7% (cash)	$1152.5	-2.5	$1592.5	$1570	$1099.5
Copper Grade A (cash)	£1344	-15.50	£1317	£1472	£1241.0
Lead(cash)	£285.75	-6.75	£369	£382.5	£285.75
Nickel (cash)	$7310	-140	$8925	$9237.5	$7382.5
Zinc SHG (cash)	$1033.5	+42.0	$1293.5	$1430	$990.25
Tin (cash)	$5532.5	+7.5	$6225	$5915	$5470
Cocoa Futures (Mar)	£775	-19	£694	£824	£596
Coffee Futures (Jan)	$578	+41	£575	£613	£492
Sugar (LDP Raw)	$222	-11.5	$259.4	$293	$194
Barley Futures (Jan)	£118.15	+0.25	£116.25	£121.50	£107.75
Wheat Futures (Jan)	£122.00	+0.45	£119.30	£141.10	£111.80
Cotton Outlook A Index	64.25c	-1.60	82.55c	86.25c	64.25c
Wool (64s Super)	398p	+11	398p	421p	329p
Oil (Brent Blend)	$21.875x	-0.50	$34.30	$29.15	$18.75

Per tonne unless otherwise stated. †Unquoted p-pence/kg, c-cents lb x-Dec

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$19 00-9.10	-0.05
Brent Blend (dated)	$21 75-1.85	-0 05
Brent Blend (Dec)	$21.85-1.90	-0.05
W.T.I (1 pm est)	$23.15-3.20z	-0.05

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$244-246	-1
Gas Oil	$221-223	-2
Heavy Fuel Oil	$88-90	+1
Naphtha	$224-227	+3

Petroleum Argus Estimates

Other		+ or -
Gold (per troy oz)♣	$353.85	-0.85
Silver (per troy oz)♣	402.5	-4.5
Platinum (per troy oz)	$357.75	-5.55
Palladium (per troy oz)	$85 00	-1.75
Copper (US Producer)	110.68	-0 09
Lead (US Producer)	37.83	
Tin (Kuala Lumpur market)	14 83r	
Tin (New York)	258.0	-0.5
Zinc (US Prime Western)	82.0c	
Cattle (live weight)†	103.75p	-1.33*
Sheep (dead weight)†	134.29p	18.48*
Pigs (live weight)†	75.63p	+1.17*
London daily sugar (raw)	$222.0	+0 5
London daily sugar (white)	$262.5j	-0.5
Tate and Lyle export price	£234.0	+0.5
Barley (English feed)	na	
Maize (US No. 3 yellow)	£141.25u	
Wheat (US Dark Northern)	£101 0	
Rubber (Dec)♥	52.00p	
Rubber (Jan)♥	52.00p	
Rubber (KL RSS No 1 Nov)	224.5m	
Coconut oil (Philippines)§	$815r	+20
Palm Oil (Malaysian)§	$387.5x	+5.0
Copra (Philippines)§	$385.0z	+1.0
Soyabeans (US)	£149.0	
Cotton "A" index	64.25c	-0.10
Wooltops (64s Super)	398p	+11

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Jan t-Sep/Dec u-Nov x-Nov/Dec y-Dec/Jan z-Dec j-Oct/Nov. †Meat Commission average fatstock prices * change from a week ago. ♥London physical market §CIF Rotterdam. ♣ Bullion market close m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Dec	195.00	192.40	195.00 190.00
Mar	189.80	188 60	190.80 187.80
May	189.80	190.00	189.40 185.00
Aug	195.00	195.00	194.40
Mar	190.00	192.00	190.20 187.00

White	Close	Previous	High/Low
Dec	282.0	283.9	283.0 282.0
Mar	277.6	280.0	280.0 277.6
May	276.6	279.0	278.5 276.7
Aug	279.5	281.0	280.8 279.2
Oct	255.3	257.0	256.3 255.0
Dec	253.8	255.0	253.5
Mar	254.3	256.0	255.3

Turnover: Raw 1197 (682) lots of 50 tonnes. White 2052 (613) Paris- White (FFr per tonne): Dec 1581.89, Mar 1581.62

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Dec	21.85	21.97	22.10 21.82
Jan	21.68	21.82	21.95 21.66
Feb	21.54	21.56	21.60 21.50
Mar	21.26	21.25	21.32 21.26
Apr	21.05	21.00	21.07 21.05
May	20.95	20.80	20.96
Jun	20.70	20.60	20.70 20.65
IPE Index	22.02	22.19	

Turnover 20000 (35011)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Nov	220.50	221.50	221.75 219.25
Dec	221.00	222.50	222.75 219.75
Jan	218.75	220.75	220.75 217.75
Feb	210.50	212.25	212.25 210.50
Mar	202.25	203.75	204.25 202.00
Apr	194.75	195.25	196.00 194.50
May	188.00	188.75	189.25 188.00
Jun	184.00	184.50	185.50 183.50

Turnover 13500 (15029) lots of 100 tonnes

SPICES
Pimento (Mexican-Honduras-Guatemalan) practically sold out, reports Man-producten. Traded spot Europe over US$2,150 a tonne ex-warehouse. Big demand for nearby. Nov and Dec deliveries. Jamaica still unoffered – export board expected to announce new minimum prices next week, probably with an increase of $400 a tonne.
Cassia-cinnamon: more demand for Nov and Dec arrivals in Europe and US. However demand for later positions limited. Nearby at premium Cloves: Madagascar traded $1,450 cif Europe. Spot traded $1,700. Ginger: Indian cochin traded as low as $1,050 cif for new crop Jan-Feb 1992

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	736	758	749 734
Mar	775	792	788 772
May	799	816	811 796
Jul	823	839	835 822
Sep	845	862	857 844
Dec	870	888	881 880
Mar	895	913	907 901

Turnover: 5448 (7620) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov.7 963.97 (948.78) 10 day average for Nov.8 941.45 (938.99)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Nov	585	557	585 557
Jan	578	568	578 569
Mar	558	546	558 550

Turnover:3852 (5710) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov.7: Comp. daily 62.93 (63.75) 15 day average 63.54 (63.61)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	132.3	132.3	132.5 132.0

Turnover 175 (228) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	132.00	130.50	

Turnover 0 (30) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Nov	1648	1666	1652 1652
Dec	1653	1670	1665 1655
Jan	1679	1689	1690 1685
Apr	1680	1693	1692 1680
Oct	1540	1550	1545
BFI	1654	1654	1654

Turnover 280 (351)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Jan	122.00	122.05	122.05 122.00
Mar	125.30	125 40	125.50 125.30
May	128.30	128.35	128.35

Barley	Close	Previous	High/Low
Nov	114.40	114.45	114.40 114.35
Jan	118.15	118.30	118.20 118.10
Mar	121.15	121.10	121.10 121.00

Turnover: Wheat 20 (149), Barley 127 (165). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Nov	100 0		100.0
Jan	98.0		97.0
Feb	103.0		102.0
May	106.0	109 0	106.0
Jun	108.0	109.0	108 0

Turnover:27 (4) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	134 47	134.64			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 12,443 lots
Cash	1152-3	1153.5-4.5		1148-9		
3 months	1178 5-9	1180-81	1182/1168	1176-6.5	1176-7	136.513 lots
Copper, Grade A (£ per tonne)						Total daily turnover 23.595 lots
Cash	1343-5	1338.5-40.5	1351/1343	1350.5-1.5		
3 months	1329-9.5	1326.5-7	1338/1328.5	1335.5-6.0	1330-1	103,417 lots
Lead (£ per tonne)						Total daily turnover 2,198 lots
Cash	285.5-6.0	286-7	286.25/286	286-6.25		
3 months	297.25-7.50	298-8.5	298/297.25	298.5-99	297-7.5	12,617 lots
Nickel ($ per tonne)						Total daily turnover 2.357 lots
Cash	7305-15	7320-30	7270	7270-75		
3 months	7370-75	7385-90	7370/7325	7335-40	7365-70	17,979 lots
Tin ($ per tonne)						Total daily turnover 890 lots
Cash	5530-35	5530-40	5530	5530-31		
3 months	5592-93	5590-600	5592/5588	5590-95	5588-90	4,894 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,919 lots
Cash	1033-34	1030-2	1034/1030	1032-33		
3 months	1048-50	1047-8	1057/1046	1048-49	1054-6	30.820 lots

LME Closing £/$ rate: SPOT: 1.7680 3 months: 1.7520 6 months: 1.7378 9 months: 1.7175

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	353.65-354.25	
Opening	353.10-353.50	
Morning fix	353.35	200.178
Afternoon fix	352.90	200.057
Day's high	354.10-354.40	
Day's low	352.70-353.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.54	6 months	4.40
2 months	4.58	12 months	4.29
3 months	4.49		

Silver fix	p/fine oz	US cts equiv
Spot	228.55	402.50
3 months	234.35	407.30
6 months	240.00	412.45
12 months	251.30	422.95

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	353.00-354.00	200.25-200.75
Maple leaf	363.00-364.00	205.75-206.25
New Sovereign	86.50-87.50	49.00-49.50

TRADED OPTIONS

Coffee	Jan	Mar	Jan	Mar
500	41	32	14	24
550	16	14	39	56
600	5	6	78	97

Cocoa	Dec	Mar	Dec	Mar
750	40	89	4	15
775	22	72	11	23
800	11	57	25	33

Brent Crude	Dec	Jan	Dec	Jan
2150	45	63		38
2200	14	40		
2250		21	51	96

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	354.2	353.7	0	0
Dec	355.2	354.7	355.7	353.8
Jan	356.6	356.1	0	0
Feb	357.9	357.4	358.2	356.5
Apr	360.2	359.8	359.6	359.0
Jun	362.7	3362.3	362.6	361.7
Aug	365.4	365.0	364.3	364.3
Oct	368.0	367.6	0	0
Dec	370.8	370.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	358.0	358.8	360.0	356.0
Apr	360.8	361.6	363.0	359.5
Jul	363.6	364.4	364.8	362.0
Oct	369 6	371.2	367.0	367.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	399.1	398.5	0	0
Dec	400.3	399.8	402.5	398.5
Jan	401.8	401.4	402 0	402.0
Mar	406.0	405.6	406.0	404.0
May	410.0	409.5	410.5	408.5
Jul	413.6	413 1	416.0	413.0
Sep	417.6	417.3	0	0
Dec	423.6	423.3	424.0	423 5
Jan	425.9	425.6	0	0
Mar	430.3	430.0	433.0	433.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	105.60	106.20	106.20	105.60
Dec	105.40	105.65	105.90	105.15
Jan	104.45	104.90	104.70	104.70
Feb	103.95	104.40	0	0
Mar	103.40	103.85	103.80	103.20
Apr	102.80	103.25	0	0
May	102.25	102.70	102.30	102.20
Jun	101.80	102.25	0	0
Jul	101.40	101.85	0	0
Aug	101.00	101 45	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	23.05	23.20	23.32	23.04
Jan	22.94	23.06	23.18	22.94
Feb	22.73	22.84	22.94	22.72
Mar	22.48	22.57	22.65	22.48
May	22.01	22.09	22.13	22.01

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Dec	6960	7032	7060	6955
Jan	6985	7052	7075	6985
Feb	6865	6906	6920	6850
Mar	6530	6569	6595	6530
Apr	6225	6259	6260	6235
May	6045	6058	6060	6035
Jun	5920	5928	5930	5920
Jul	5850	5879	5880	5865
Aug	5915	5914	0	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1197	1219	1208	1186
Mar	1259	1283	1271	1251
May	1297	1321	1309	1288
Jul	1330	1350	1338	1329
Sep	1352	1381	1365	1355
Dec	1388	1421	1405	1389
Mar	1428	1447	1428	1425
May	1463	1471	0	0
Jul	1472	1494	0	0
Sep	1494	1515	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	78.70	77 10	79.75	78.00
Mar	82.90	81.25	83.75	80.05
May	85.50	84.05	85.60	82.85
Jul	88.00	86.75	88.00	86.00
Sep	90.50	89.00	90.50	88.50
Dec	94.40	92.85	92.80	92.50
Mar	98.00	96.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.65	8.62	8.72	8.52
May	8.63	8.56	8.65	8.50
Jul	8.60	8.55	8.60	8.48
Oct	8.60	8.51	8.60	8 48
Mar	8.55	8.50	8.60	8.52

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	58.52	59.21	59.21	58.50
Mar	60.45	60.87	60.80	60.30
May	61.13	61.65	61.40	60.90
Jul	61.60	62.00	61.90	61.50
Oct	63.04	63.40	63.35	63.00
Dec	63.37	63.64	63.55	63.25
Mar	64.60	65.10	64.75	64.75

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	167.60	170.00	170.00	167.00
Jan	169.90	174.60	174.25	169.60
Mar	170.50	174.25	173.50	169.25
May	171.00	174.50	172.80	170.00
Jul	171 00	173.90	171.00	169.60
Sep	171 00	173.50	0	0
Nov	159.50	160.85	0	0
Jan	159.00	160.00	0	0
Mar	158.50	159.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov.8	Nov.7	mnth ago	yr ago
1632.8	1630.0	1628.3	1704.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Nov.7	Nov 6	mnth ago	yr ago
Spot	112.86	112.94	114.49	123.97
Futures	121.13	121.49	123.31	128.13

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	554/0	554/0	556/4	553/2
Jan	554/6	557/0	559/0	554/0
Mar	562/6	564/2	566/6	562/2
May	571/6	571/6	575/4	571/4
Jul	578/4	578/6	582/6	578/0
Aug	580/0	579/6	584/2	580/0
Sep	575/0	573/2	576/0	575/0
Nov	575/4	575/6	579/6	575/0
Jan	585/0	586/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	18.91	18.84	19 01	18.88
Jan	19.07	19.01	19.18	19.02
Mar	19.41	19 35	19 51	19.38
May	19.68	19.65	19 82	19 67
Jul	20.01	19.94	20.15	19 98
Aug	20.20	20.09	20 30	20 20
Sep	20.25	20.23	20.45	20.25
Oct	20 35	20.25	20 40	20.30
Dec	20.75	20.50	20.75	20 70

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	180.3	180.2	181.0	179 6
Jan	178.1	179.1	179 5	178 0
Mar	176.1	176.9	177.3	175.7
May	175.0	174.8	175.5	174.3
Jul	175.0	174.8	175 5	174.2
Aug	174.2	174.0	175.3	174.2
Sep	174.7	174.0	175.5	174.4
Oct	185.2	185 0	185.4	184 6

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	245/0	245/0	246/2	244/4
Mar	254/4	254/0	255/2	253/4
May	260/6	260/2	261/4	260/0
Jul	265/4	265/2	266/4	264/6
Sep	257/4	258/0	258/6	257/4
Dec	255/2	255/0	256/0	253/4
Mar	262/2	262/2	262/2	261/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	351/0	350/2	353/0	348/0
Mar	350/6	349/2	353/0	347/4
May	336/6	336/0	339/0	334/0
Jul	320/6	319/6	323/0	319/0
Sep	326/0	324/4	328/0	326/0
Dec	335/0	333/0	336/4	335/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	74.22	74.05	74.57	73.90
Feb	74.90	74.50	75.00	74 45
Apr	74.17	74 02	74.50	74.00
Jun	70.72	70 82	71.15	70.62
Aug	68.85	68.90	69.20	68.85
Oct	69.30	69.60	69.75	69.30
Dec	70.50	70.45	70.50	70.50

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	42.27	40.95	42.45	41.00
Feb	42.97	41.87	43.37	41.80
Apr	40.57	39.80	41.20	39.90
Jun	45.50	44.77	45 70	44.80
Jul	45.37	45.07	45 65	45.05
Aug	44.27	43.87	44 35	43.65
Oct	41.12	40.75	41.25	41.00

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	41.75	40.37	42.37	40.25
Mar	41 60	40.27	42.27	40.25
May	42.82	41.52	42.27	40.25
Jul	43.80	42.55	43.52	41.45
Aug	41.80	41.12	42.90	41.80

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar ends quietly firmer

THE DOLLAR ended the week quietly but with a slightly firmer tone as worries of an imminent rise in German interest rates began to fade.

In a newspaper interview, Mr Helmut Schlesinger, president of the Bundesbank, said he was broadly satisfied with the current level of German interest rates.

His remarks caused the dollar to rise and the D-Mark to fall in early European trading. The dollar advanced as far as DM1.6500, its highest level since the start of the week.

However, there was a lack of follow-through. With US markets closed on Monday, operators were content to take profits and square their books and the dollar drifted gently back to the middle of the day's trading range.

Currency analysts said that after a fortnight of solid losses, the dollar was now likely to establish itself in a new range of DM1.6250 to DM1.6600, although after the recent weakness it was likely to have an upward bias, initially.

They added that the dollar was likely to hold in this range until the next move on US or German interest rates became apparent. The dollar closed higher at DM1.6420 from DM1.6290 and at Y130.30 from Y129.70.

Mr Schlesinger's comments weakened the D-Mark, which had been advancing this week on speculation about a rise in German rates and also on the softer dollar.

However, there was some scepticism in the markets about Mr Schlesinger's remarks. Mr Christian Dunis, economist at Chemical Bank in London, said: "I'm not really convinced. Four or five weeks ago he was saying the Bundesbank had adopted a more flexible attitude towards interest rates."

"The important wage negotiation are still at an early stage It's maybe possible to rule out an immediate rise in rates. But these negotiations go on until the end of the first quarter of next year."

But the D-Mark's weakness took the pressure off other ERM currencies. The French franc was steady after the Bank of France's recent intervention and for most of the session the D-Mark was comfortably below the important FFr3.42 level. It closed at FFr3.417 from FFr3.421.

However, the lira remained weak as worries persisted that a devaluation may be necessary to allow Italy to restore price competitiveness. The mark closed at L752.00-10, down 40 points.

Sterling was steady. Support from the weaker mark was offset by talk about lower interest rates. But currency dealers remained aware that the Bank of England could intervene if it threatened to break below DM2.90. The pound closed higher at DM2.9025 from DM2.9000; but was lower at $1.7675 from $1.7800.

£ IN NEW YORK

Nov 8	Latest	Previous Close
£ Spot	1.7665-1.7675	1.7695-1.7705
1 month	0.79-0.78pm	0.83-0.79pm
3 months	2.26-2.23pm	2.32-2.29pm
12 months	7.90-7.80pm	8.03-7.93pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

S.Af (Cm)	4.9350 - 470	2.8045 - 2.8060
S.Af (Fn)	5.3935 - 775	3.0580 - 3.1055
Taiwan	46.40 - 60	26.30 - 26.35
U.A.E.	6.4470 - 240	3.6715 - 3.6735

*Official rate Floating £-2465 0 $-1390.0

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7675	1.7596	1.7449	1.7246	1.6885
D-mark	2.9025	2.8995	2.8963	2.8919	2.8827
French Fr.	9.9250	9.9168	9.9045	9.8905	9.8568
Swiss Fr	2.5650	2.5594	2.5509	2.5386	2.5159
Yen	230.25	229.49	227.94	225.65	220.98

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 8	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.719	-3.68	5.16	64
Belgian Franc	42.4032	42.1280	-0.65	1.96	36
D-Mark	2.05586	2.04535	-0.51	1.82	38
Dutch Guilder	2.31643	2.30530	-0.48	1.79	28
Irish Punt	0.767417	0.765331	-0.27	1.57	16
Italian Lira	1538.24	1536.12	-0.14	1.44	11
Sterling	0.696904	0.704122	1.04	0.26	-21
Danish Krone	7.84195	7.92852	1.10	0.19	-46
French Franc	6.89509	6.98456	1.30	0.00	-66

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Nov 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7590 - 1.7725	1.7670 - 1.7680	0.80-0.78cpm	5.36	2.27-2.24pm	5.10
Canada	1.9780 - 1.9965	1.9915 - 1.9925	0.46-0.33cpm	2.38	1.26-1.22pm	2.49
Netherlands	3.2650 - 3.2775	3.2675 - 3.2775	¼-⅛cpm	1.15	⅞-⅝pm	0.92
Belgium	59.70 - 60.00	59.90 - 60.00	8-3cpm	1.10	16-8pm	0.80
Denmark	11.2370 - 11.2765	11.2500 - 11.2600	1¼-⅝cpm	1.13	2⅞-2⅛pm	0.89

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.31-4.26cpm 12 Month 7.95-7.85pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Nov 8	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.768	2.903	230.3	9.925	2.565	3.273	2183.	1.992	59.95	1.422
$	0.566	1	1.642	130.3	5.614	1.451	1.851	1235	1.127	33.91	0.804
DM	0.344	0.609	1	79.33	3.419	0.884	1.127	752.0	0.686	20.65	0.490
YEN	4.342	7.677	12.61	1000.	43.10	11.14	14.21	9479	8.650	260.3	6.175
F Fr.	1.008	1.781	2.925	232.0	10.	2.584	3.298	2199	2.007	60.40	1.433
S Fr.	0.390	0.689	1.132	89.79	3.869	1	1.276	851.1	0.777	23.37	0.554
N Fl.	0.306	0.540	0.887	70.36	3.032	0.784	1	667.0	0.609	18.32	0.434
Lira	0.458	0.810	1.330	105.5	4.546	1.175	1.499	1000.	0.913	27.46	0.651
C $	0.502	0.888	1.457	115.6	4.982	1.288	1.643	1096	1	30.10	0.714
B Fr.	1.668	2.949	4.842	384.2	16.56	4.279	5.460	3641	3.323	100.	2.372
Ecu	0.703	1.243	2.041	162.0	6.980	1.804	2.302	1535	1.401	42.16	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Easier London rates

UK MONEY market rates were easier yesterday as speculation persisted about a cut in interest rates this year. The key three months inter-bank rate, which closely shadows the base rate, fell almost ⅛ to 10$\frac{9}{16}$-$\frac{7}{16}$ per cent.

The indication from Mr Helmut Schlesinger, president of the Bundesbank, that there was unlikely to be a rise in German interest rates in the near future also encouraged the speculation.

Dealers said that worries about higher German rates had in the past made it less likely that the government would contemplate a cut in UK rates.

But with the October inflation figures, released November 15, expected to show a decline in the annual rate to 3.6 per cent from 4.1 per cent, some said there may be an opportunity for an easing in monetary policy.

Furthermore, the government's poor standing in opinion polls may force its hand when considering a further reduction in base rates.

However, many money dealers remained cautious. They said the market was still some way from anticipating a rate cut. In the futures market, which has in the past taken a more optimistic view on the likelihood of lower rates, there was scepticism.

The December short sterling contract rose just 2 basis points to 89.89, which implies the market is assuming base rates above 10 per cent by the end of the year. While three months money rates have fallen by almost ¾ point this week, the futures market has been unmoved.

The futures market is more closely linked to the fortunes of sterling. But so far, sterling remains depressed, on worries about the political standing of the government.

Yesterday the pound traded just above DM2.90 - the level which the Bank of England chose to defend recently. Futures dealers said that as long as sterling is weak, there is unlikely to be a cut in interest rates.

German call money held steady yesterday and was quoted at 8.95-9.05 per cent, unchanged on the previous day's levels. Liquidity was said to be in ample supply and dealers were not anticipating an immediate move away from 9 per cent.

In New York the Federal Reserve refrained from open market operations. Federal funds rose to 4$\frac{11}{16}$ per cent from 4⅝ per cent, close to the Fed's perceived 4¾ per cent target.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.8)	3 months US dollars		6 months US Dollars	
	bid 4$\frac{13}{16}$	offer 5$\frac{1}{16}$	bid 4$\frac{13}{16}$	offer 5$\frac{1}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime			
Prime rate	7½	One month	4.80
Broker loan rate	7	Two month	4.71
Fed.funds	4⅝	Three month	4.74
Fed.funds at intervention	-	Six month	4.87
		One year	4.94
		Two year	5.63

Nov 8	Overnight	One Month	Two Months	Lombard Intervention
Frankfurt	8.95-9.05	9.00-9.15	9.25-9.40	9.25
Paris	9¼-9⅜	9⅛-9¼	9⅛-9¼	9.25
Zurich	6⅝-7⅛	7⅝-7⅞	-	-
Amsterdam	9.12-9.18	9.17-9.25	-	-
Tokyo	6$\frac{13}{16}$-6$\frac{11}{16}$	6⅞-6⅞	-	-
Milan	10⅞-10¾	11-11⅛	-	-
Brussels	9.12-9.18	9.17-9.25	-	-
Dublin	9$\frac{11}{16}$-10⅛	10-10⅛	10⅛-10⅛	-

LONDON MONEY RATES

Nov 8	Overnight	7 days notice	One Month
Interbank Offer	10⅝	10⅝	10½
Interbank Bid	9	10¼	10⅜
Sterling CDs	-	-	10$\frac{7}{16}$
Local Authority Deps.	10⅛	10⅛	10⅜
Local Authority Bonds	-	-	-
Discount Mkt Deps	10⅝	10⅝	-
Company Deposits	-	-	10½
Finance House Deposits	-	-	10½
Treasury Bills (Buy)	-	-	10$\frac{5}{16}$
Bank Bills (Buy)	-	-	10$\frac{5}{16}$
Fine Trade Bills (Buy)	-	-	-
Dollar CDs	-	-	4.86
SDR Linked Dep. Offer	-	-	6⅞
SDR Linked Dep. Bid	-	-	6¾
ECU Linked Dep. Offer	-	-	9½
ECU Linked Dep. Bid	-	-	9⅜

Treasury Bills (sell): one-month 10$\frac{3}{16}$ per cent; three months 9¾ per cent; Bank Bills (sell): one-month 10$\frac{3}{16}$ per cent; three months 9$\frac{13}{16}$ per cent; Treasury Bills, Average tender rate of discount 9.7467 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31, 1991. Agreed rates for period Nov.26, 1991 to December 24, 1991, Scheme I: 11.68 p.c., Schemes II & III: 11.68 p.c. Reference rate for period October 1, 1991 to October 31, 1991, Scheme IV&V: 10.447 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from November 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991, Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

ECU BOND (MATIF)

December	106.10	106.30	+0.36	106.40	106.08	9.07	3,692
March	-	106.32	+0.36	-	-	9.07	315

Estimated volume 2,279 Total Open Interest 4,007

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
105	2.23	-	-	-	0.27	-
106	1.27	1.75	-	0.05	0.48	-
107	0.47	1.18	-	0.24	0.85	-
108	0.09	0.70	-	0.85	-	-
Open Int.	91,843	98,455	3,603	86,916	48,608	9,776

Estimated volume 41,140 Total Open Interest 337,201

BANK RETURN

BANKING DEPARTMENT	Wednesday November 7 1991	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	111,438,437	+ 132,725
Bankers Deposits	1,661,622,126	+ 4,663,003
Reserve and other Accounts	3,404,785,266	+ 181,362,891
	5,192,398,829	+ 186,158,619
ASSETS		
Government Securities	1,197,695,591	- 149,990,000
Advance and other Accounts	2,044,670,755	- 494,975
Premises Equipment & other Secs	1,940,444,288	+ 336,188,773
Notes	9,371,014	+ 443,805
Coin	217,181	+ 11,016
	5,192,398,829	+ 186,158,619
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,920,628,986	+ 19,556,195
Notes in Banking Department	9,371,014	+ 443,805
	15,930,000,000	+ 20,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	12,888,824,313	+ 1,149,510,990
Other Securities	3,030,160,587	- 1,129,510,990
	15,930,000,000	+ 20,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

Co-operative Bank
PO Box 300 Skelmersdale Lancs 0800 616162

Western Trust High Interest Cheque Acc
The Moneycentre Plymouth PL1 1SE 0752 224141

Wimbledon & South West Finance PLC
114 Newgate St London EC1 7AE 071-606 9485

NOTES - Gross: Contractual rate of interest payable not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day

British Funds, etc
No of bargains included 2072

Exchequer 10½% Stk 2005 - £105⅞ (4No91)
Guaranteed Export Finance Corp PLC 11¾% Gtd Nts 1994 (Br - £101⅝ 2¼ (6No91)
12¾% Gtd Ln Stk 2002(Reg) - £116¼ ¼

Corporation and County Stocks
No. of bargains included 7

UK Public Boards
No. of bargains included 1

Foreign Stocks, Bonds, etc-(coupons payable in London)
No. of bargains included 57

Finland(Republic of) 11½% Ln Stk 2009 (Reg) - £107¾ ¾ 8
Hydro-Quebec 12.75% Ln Stk 2015 - £115¾
15% Ln Stk 2011 - £130¾♦
Iceland(Republic of) 14⅞% Ln Stk 2016 - £123 (6No91)
International Bank for Rec & Dev 11.5% Ln Stk 2003 - £109 .0125 ⅛ ¼ ¼ ¼ .3
Malaysia 10⅝% Ln Stk 2009(Reg) - £95½ (1No91)
New Zealand 7¾% Stk 88/92 - £98½ 8⅛
11¾% Stk 2008(Reg) - £104¾
11¾% Stk 2008(Br £5000) - £103¾ (4No91)
11½% Stk 2014(Reg) - £108¾ (4No91)

Banks and Discount Companies

Breweries and Distilleries

Building Societies

Commercial, Industrial, etc

Sterling Issues by Overseas Borrowers

Electricity

Financial Trusts, Land, etc

Insurance

Investment Trusts

Unit Trusts

Mines - Miscellaneous

Mines - South African

Oil

Property

Plantations

Water

Shipping

Utilities

Miscellaneous Warrants

USM Appendix

Rule 535(2)

LONDON STOCK EXCHANGE

Firm close to the trading account

By Terry Byland, UK Stock Market Editor

A REVIVAL of interest rate optimism brought a sharp rise in UK stocks yesterday. However, with sterling easier and the political outlook darkened by the UK government's poor showing in three by-elections, gains in the London stock market were trimmed before the close. Government bonds added about half a point in modest trade.

London's advance mirrored gains in other European bourses following a report in the UK press that the Bundesbank might have shifted to a less defensive view on German interest rates. London money market rates eased yesterday, with some strategists suggesting that the government's by-election defeats, accompanied by another public opinion poll favouring the opposition Labour party, might bring a cut in UK base rates to coincide with the fall in the retail price index expected next week. However, others remained convinced that the government will reserve the next base rate cut, which could be the last for the foreseeable future, until a UK general election is in sight.

Account Dealing Dates		
First Dealings:		
Oct 28	Nov 11	Nov 25
Option Declarations:		
Nov 7	Nov 21	Dec 5
Last Dealings:		
Nov 8	Nov 22	Dec 6
Account Day:		
Nov 18	Dec 2	Dec 16

*New-time dealings may take place from 8.30 am two business days earlier.

At Barclays de Zoete Wedd, the UK investment bank which holds to the view that UK base rates will come down to 10 per cent in the final quarter of this year, Mr Bill Smith commented that yesterday's focus on reports of the Bundesbank's stance(,) underlined the importance of ERM influences for UK rates.

"The Bundesbank's comment reduces fears of a rise in German rates," he said.

Equities opened cautiously, following the by-election news but quickly followed a gain in the Footsie December futures premium as European markets began to respond to the reported comments from the Bundesbank.

The equity market moved to a net gain of 26.8 Footsie points before the pace slackened as profit-taking ahead of the close last night of the two week equity account took the top off share prices.

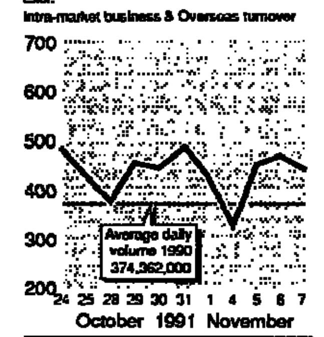
Hopes of a firm opening on Wall Street were confirmed only slowly, but London stocks advanced again as the Dow Jones Industrial Average showed a gain of 11 points in UK hours. Seaq volume reached 556.7m shares.

The final reading left the FT-SE Index at 2,559.0, for a net gain of 21 points on the session. The market has moved uncertainly this week, gaining a net 9.5 on the Footsie, as the Autumn Statement on the UK economy has failed to dispel the growing uncertainty over the UK political outlook. Over the two week trading account, equities have gained 44.3 or around 1.8 per cent, largely reflecting improved economic confidence, buttressed by trading reports from leading British companies.

● Retail volume in equities remained erratic on political uncertainty but increased this week on revived hopes for lower interest rates.

London SE volume

Turnover by volume (million)
Excl: Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	87.26	87.04	86.74	86.50	86.46	80.24	87.94 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.53	96.45	96.24	96.16	96.48	86.33	97.17 (2/10)	90.58 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1975.5	1956.7	1949.6	1948.1	1935.3	1582.6	2109.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	148.9	150.8	153.6	154.7	154.1	166.0	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2559.0	2538.0	2534.2	2540.9	2527.8	2040.6	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1159.92	1148.14	1144.82	1149.20	1145.92	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.96	5.01	5.02	5.02	4.98	6.05				
●Earning Yld %(full)	7.59	7.67	7.68	7.69	7.73	12.59				
●P/E Ratio(Net)(☆)	16.51	16.36	16.31	16.31	16.22	9.63				
SEAQ Bargns 4.45pm	31,605	27,616	23,670	23,894	22,423	17,835				
Equity Turnover(£m)†	-	902.58	1006.34	853.83	574.26	733.87				
Equity Bargains†	-	27,533	22,843	22,774	21,491	16,752				
Shares Traded (ml)†	-	446.2	471.2	451.6	327.1	352.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.60

Ordinary Share Index, Hourly changes Day's High 1980.1 Day's Low 1956.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1956.5	1961.0	1965.8	1969.2	1973.1	1974.0	1976.0	1977.7	1974.2

FT-SE 100, Hourly changes Day's High 2564.8 Day's Low 2537.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2537.5	2541.1	2546.9	2551.8	2556.7	2556.9	2559.4	2562.3	2556.6

FT-SE Eurotrack 200, Hourly changes Day's High 1162.11 Day's Low 1152.28

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1153.25	1153.03	1155.70	1157.02	1158.43	1159.31	1160.70

GILT EDGED ACTIVITY

Indices*	Nov 7	Nov 6
Gilt Edged Bargains	93.6	100.1
5 - Day average	97.0	102.2

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover

London report and latest Share index: Tel. 0898 123001

Heavy demand for BP

OIL COMPANY British Petroleum (BP) was one of the heaviest traders yesterday. The shares rose 9 before closing 7½ up at 332½p with turnover of 12m recorded. They benefited from an improved stance at the company's broker, a buy recommendation from another securities house and suggestions that reserves in a Colombian oil field, in which BP has a 40-per cent stake, may be much larger than forecast.

The company's broker, Hoare Govett, which has been cautious on the company for some time, changed its opinion from overvalued to hold. This coincided with S.G. Warburg advising clients to buy the shares or switch from Shell, which rose 5 before easing to close 3 up at 516p. Warburg recommended the switch on the grounds that BP was looking cheap in the short term, having reached the bottom of its trading range. BP also benefited from recovery following a fall on Thursday prompted by poor third-quarter results.

Unilever pleases

Anglo-Dutch giant Unilever jumped sharply on its heaviest turnover for more than two years after growth in food and detergents sales boosted third-quarter profits by 10 per cent to £545m. Analysts raised their full-year 1991 profit estimates. The shares closed 30 up at 838p on turnover of 5.6m.

Smith New Court lifted its full-year 1991 profit forecast to £1.85bn from £1.82bn. The new forecast nudged above the £1.84bn held by the company's broker BZW. The BZW foods team decided to not to change its estimate and said: "The figures were clearly a lot better than the market had been expecting not only in terms of the headline figure but also because they included a significant element of exceptional costs." The company did not detail the exceptional costs but BZW believes they were around £30m.

Maxwell busy

The two quoted companies controlled by the Maxwell family continued to move rapidly in opposite directions. Traders were anxious not to bid for Maxwell Communication stock even after the fall of 49 in the shares in the previous session. The shares slipped another 5 yesterday to 69p in heavy turnover of 5m shares.

Renewed bid speculation helped Mirror Group, despite the fact that the Maxwell family holds a controlling interest. Speculators believe the Maxwells might have to sell their stake to help pay debts elsewhere in the group. Mirror Group added 6 at 112p as a hefty 13m changed hands.

Regulatory worries continued to cast a cloud over British Gas. The company broker Hoare Govett was believed to have been among the sellers and the shares lost 4¼ to 250p on heavy turnover of 11m. Gas was also heavily traded in the options market

Tightly-traded oil and gas producer Pittencrieff rose 17 to 190p on good turnover as the market bought on the potential strength of its US subsidiary A&B Electronics, a communications company with a substantial mobile radio network. Pittencrieff is bidding for USM-listed AmBrit International which rose 2 to 6p on turnover of 12m shares.

Some insurers shrugged off recent weakness with Legal and General finding most favour, improving 11 to 389p. Royals, hit heavily by mortgage indemnity worries, recovered 6 to 290p.

Composite insurer Sun Alliance was knocked back following the placing of 5m shares by securities house Smith New Court at 312.5p per share. The shares were down 6p at 316p, with some 10m recorded on the Seaq ticker. A Smith spokesman said the shares were placed with a range of institutions.

Reckitt and Colman was in the minority of Footsie stocks to show a decline. Sentiment was affected by reports in the US press of increased competition in the US groceries market. In the summer of 1990 Reckitt paid £713m for Boyle-Midway, a US household products and toiletries business. Yesterday, Reckitt slipped 11 to 660p in solid turnover.

BOC firmed 10 to 573p after a bullish internal pre-results note from Smith New Court. The group reveals its interim figures on November 14.

The world's biggest branded condom maker, London International, benefited from the strength of shares in its US rival, Carter-Wallace, on Wall Street. Carter Wallace has the biggest market share in the US condom market and London International holds the number two position. Investors bought in anticipation of higher condom sales following the revelation that a top sportsman carried the Aids virus. Analysts said that the news would further encourage heterosexuals to protect themselves from Aids with condoms. London International added 9 at 303p.

Thorn EMI rose steadily on US newspaper reports that Paramount, the US entertainment group, wanted to buy a music publishing company. Thorn firmed 11 to 822p, its highest level for nearly two years. The company publishes its interim results on November 19.

Disappointing interim profits from Oxford Instruments left the shares 4 lower, against the trend, at 243p. Analysts said the company's order book was shortening and there seemed to be no sign of recovery.

Direct marketing group Kleen-E-Ze saw profit-taking following its recent sharp rally and eased 4 to 54p.

Petrol retailer Frost Group, which returned to the stock market with the launch of a £46m placing and offer at 235p per share at the start of the month, rose 7 to 282p.

Trading in the USM-listed hairdressing company Alan Paul was suspended at 20p and at the company's request following trading difficulties.

Housebuilder Barratt Developments rose 4 to 67p after the board of directors and family members bought 1.4m shares at 57p each.

Business services group BET slipped 6 to 216p as sources close to S.G. Warburg said the broker would issue a sell recommendation on Monday.

Buying ahead of interims on November 20 pushed Courtaulds up 12 to 486p.

Profit forecast cuts knocked Dixons by 9 in early trading. They recovered by the close to end a net 4 off at 242p. Morgan Stanley cut its current year profits estimate by £5m to £95m. On Thursday, securities house James Capel reduced its current year estimate by £5m to £75m for a similar reason.

British Steel bucked the market trend, falling 2 to 114½p ahead of Monday's interim figures. Most analysts predict a maintained interim dividend but some are worried that there may be an announcement at Monday's analysts' meeting of a cut, or even the reduction of the full-year dividend.

Bid speculation returned to boost Dowty. The shares gained 5 to 175p on turnover of 1.7m. There were suggestions that Daimler Benz the German industrial group, might bid. Other names mentioned included TI Group, unchanged at 621p, and Smiths Industries, also unchanged at 268p. Smiths and Dowty are understood to have held talks recently.

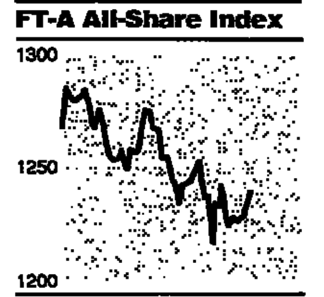
A buy recommendation from broker Williams de Broe helped BAA. The shares added 8 at 438p on healthy turnover of 4.2m.

BTR which this week improved its offer for Hawker Siddeley bounced 7½ to 393¼p after a County NatWest buy recommendation. The security house says those falls following BTR's offer for Hawker provided a "terrific buy opportunity for the longer term fundamentals". Turnover reached 6.7m. BTR's bid target, Hawker Siddeley, firmed 3 to 742p on turnover of 2.2m.

MARKET REPORTERS:
Daniel Green, Peter John, Joel Kibazo, Jim McCallum, Steve Thompson.

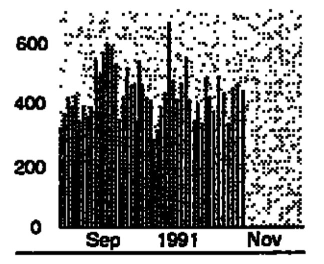
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 11.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (81).

BRITISH FUNDS (6) Tr. 3pc. 1992, Fdg. 6pc. Ln. 1993, Tr. 9pc. 1992-96, Tr. 2pc. IL 1992, Tr. 2pc. IL 1994, Tr. 2pc. IL 1996, CANADIANS (1) Bank of Nova Scotia, BANKS (2) ANZ, HSBC, BUILDINGS (1) Ashtead, CHEMICALS (2) Canning (W), Halstead (J), Yorkshire Chems., STORES (7) Brown (N), Hogg Robinson, Kingfisher 8.5pc. Ln. 2000, Marks & Spencer, Next, Smith (WH), World of Leather, ELECTRICALS (7) CML Microsystems, Cambridge Elecs., Nth. Telecom K, Philips Fin. 5.75pc., Prestwick, Do. 7.25pc. Prf., Thorn EMI, ENGINEERING (3) Tace, Locker, Victaulic, FOODS (2) Cranswick Mill, Farepak, INDUSTRIALS (19) AAH, Bibby (J), Boxmore Intl., Caplan, Caverdale, Elga, Grampian, Halstead A, Do. B, Hays, Huntleigh Tech., London Intl., Shiloh, Sinclair (Wm.), Sketchley, Spring Ram, Tomkins, Unilever, Wellcome, LEISURE (2) Airtours, Carlton Comms. 8.5 Prf., NEWSPAPERS (1) News Intl., SHOES (1) FII, SOUTH AFRICANS (3) Barlow Rand, SA Brews, Tiger Oats, TEXTILES (3) Courtaulds, Lamont, SEET, TRANSPORT (2) NFC Var. Vtg., Tibbett & Britten, TRUSTS (10) Abtrust Scotland, Gen. Cons. Prf., Henderson Admin., Mansakin, Murray Enterprise, Do. Zero Ln. '94, Murray Split Cap. Zero Prf., SPRAIT 6.3 pc. Prf., TR Tech. Zero Prf., Templeton Emg. Mkts., OILS (5) Crusader, Gulfstream Res., Pan Pacific Pet., Pittencrieff, Utd. Energy, MINES (3) De Beers, Doral Res., Indonesian Diamond.

NEW LOWS (42).

CANADIANS (1) TVX Gold, BANKS (1) Joseph (Leopold), BREWERS (1) Wiltshire, BUILDINGS (3) Bucknall, Grafton, Sheriff, STORES (2) Clinton Cards, Ratners, ELECTRICALS (1) Burnfield, ENGINEERING (1) Beauford, FOODS (1) Dairy Farm, INDUSTRIALS (5) Baris, Gestetner, Hanson Wrrnts., Porth, Waterman Partnership, LEISURE (4) Allied Radio, Do. 8pc. Ln. 2001, Midlands Radio, Wembley, NEWSPAPERS (2) Gardner (DC), Maxwell Comm., PAPERS (1) Buhrmann-Tetterode, PROPERTY (7) Christie Grp., Debenham Tewson & Chinnocks, Derwent Valley, London Sec. 8pc. Prf., Palmerston, Safeland, Union Square, SHOES (2) Futura, Stylo, TRANSPORT (1) All Nippon Airways, TRUSTS (4) Mediterranean Fd., Sth. America Fd., Strategem, US Smaller Co's., OILS (3) Aran Energy, Oliver Res., Pict Petroleum, MINES (2) Ennex, Sons of Gwalia.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	66	8	8	227	83	100
Corps, Dom. & Foreign Bonds	7	2	11	25	18	57
Industrials	299	242	943	1,240	1,267	4,917
Financial and Props.	149	96	514	463	605	2,727
Oils	27	14	49	89	100	261
Plantations	0	0	10	3	3	44
Mines	21	35	96	110	210	444
Others	75	25	53	215	279	257
Totals	644	422	1,684	2,372	2,565	8,807

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	96	426	-8	Cookson	320	115	+1	Lucas	5,300	139		Severn Trent Water	1,900	328	
ASDA Group	8,500	47		Courtaulds	1,600	488	+14	MB Caradon	441	250	-2	Shell Transport	2,400	516	+3
Abbey National	3,000	279	+2	Dalgety	808	385	+7	MEPC	489	474	+4	Siebe	631	489	-5
Albert Fisher	1,700	88	+1	De La Rue	276	455	+7½	Manweb	522	297	-3	Slough Ests	97	252	+2
Allied-Lyons	1,300	602	+6	Dixons	2,600	242	-4	Marks & Spencer	3,200	298	+4	Smith (W.H.) A	298	484	+9
Amstrad	971	38	-1	ECC Group	1,200	489	+4	Maxwell Comms	5,000	69	-5	Smith & Nephew	4,100	134½	-½
Anglian Water	661	365	-4	Eastern Elect.	278	238	-5	Midland Bank	2,700	237	+6	SmKl Beecham	2,400	831	+4
Argos	357	324		East Midland Elect.	1,300	250	-4	Midlands Elect.	1,000	258	-4	SmKl Beecham Uts	129	364	-2
Argyll Group	3,500	278	+5	Enterprise Oil	470	534	+1	NFC	1,200	224	+4	Smiths Inds	398	368	
Arjo Wiggins	62	275	+3	Eurotunnel Units	1,800	413	-6	NatWest Bank	2,900	315	+10	Southern Elect.	679	256	-5
Ass. Brit. Foods	680	484	+2	FKI	1,400	68	-1	National Power	7,400	154	-1½	South Wales Elect	310	313	
BAA	4,100	438	+8	Ferranti	1,800	8½		Next	7,400	61½	+3½	South West Water	76	338	-2
BAT Inds.	1,800	648	+10	Fisons	8,700	423	-13	North West Water	500	366½	-3½	South West. Elect	1,600	256	-2
BET	1,000	216	-6	Forte	1,600	276	+4	Northern Elect.	630	263	-4	Southern Water	392	328	
BICC	536	355	-2	Gen. Accident	288	489	-2	Northern Foods	350	529	-3	Standard Chartd.	934	439	-2
BOC	777	573	+10	General Elect	2,400	189	+1½	Norweb	677	276	-2	Storehouse	3,000	111	+2
BPB Inds.	558	178	+5	Glaxo	3,300	782	+8	Pearson	218	765	+9	Sun Alliance	10,000	316	-6
BTR	8,700	393½	+7½	Glynwed Int.	171	227	+2	P & O	1,200	510		T&N	125	147	
Bank of Scotland	2,100	119	+2	Granada	2,900	198	+3	Pilkington	519	152	+3	TI Group	153	621	
Barclays	2,800	399	+2	Grand Met.	1,800	856	+4	PowerGen	3,300	163		TSB	1,800	130	+1
Bass	680	995	+4	GUS A	569	1309	+7	Prudential	2,300	245	+2	Tarmac	2,600	160	+3
Beazer	816	112	+2	GRE	927	155	-1	RHM	1,200	280	+7	Tate & Lyle	764	374	
Berisford Int.	572	25	-½	GKN	531	338	+½	RMC	446	568	+9	Taylor Woodrow	178	190	+6
Blue Circle	642	243	+8	Guinness	1,000	525	+3	RTZ	519	550	-3	Tesco	2,500	239	-2
Booker	418	467	+6	Hammerson 'A'	58	606	-3	Racal	6,900	54	-½	Thames Water	1,900	374	
Boots	1,000	433	+2	Hanson	6,000	207½	+1½	Rank Org	418	665	+4	Thorn EMI	471	822	+11
Bowater	398	684		Hanson Warrants	3,600	19¾		Reckitt & Colman	757	660	-11	Tomkins	1,400	470	-11
Brit. Aerospace	477	361	-1	Harrisons Crosfield	2,400	149	+1	Redland	1,200	506	+3	Trafalgar House	1,900	243	
British Airways	4,900	208	+2	Hawker Sidd.	2,200	742	+3	Reed Intl.	2,500	495	+13	Ultramar	962	343	-1
British Gas	11,000	250	-4½	Hillsdown	905	198	-1	Rentokil	258	354	+3	Unigate	372	318	-1
British Land	950	303	+2	IMI	983	238	+4	Reuters	1,100	969	+14	Unilever	5,600	838	+30
BP	12,000	332½	+7½	ICI	845	1245	+12	Rolls Royce	5,600	140½	+2½	United Biscuits	1,600	385	+2
British Steel	4,500	114½	-2	Inchcape	546	367	+7	Rothmans	82	1160	+12	Utd Newspapers	859	390	-3
British Telecom	3,300	368	+4	Kingfisher	2,300	570	-3	Ryl Bk Scotland	23,000	177	+4	Vodafone	1,700	358	-1
Bunzl	376	82		Ladbroke	3,400	256	+4	Royal Insurance	3,300	290	+6	Wellcome	1,000	797	+8
Burmah Castrol	407	584	-4	Land Securities	533	509	+4	Saatchi	1,800	13½		Welsh Water	19	377	+1
Burton	4,300	43½	-1	Laporte	80	585	+7	Sainsbury	2,300	352	+7	Wessex Water	208	400	-1
Cable & Wire.	1,300	550	+5	Legal & General	1,400	388	+10	Scottish & New	716	401	+7	Whitbread 'A'	1,200	421	+8
Cadburys	807	408	+4	Lloyds Abbey	45	386	+2	Scot. Hydro-Elect.	942	108	-1	Williams Hldgs.	397	334	+1½
Calor Group	176	246	-2	Lloyds Bank	985	387	+7	Scottish Power	1,900	105	-1	Willis Corroon	1,000	284	-3
Carlton Comms.	835	518	+8	LASMO	1,400	311	+3	Sears	5,700	98	-2	Wimpey	384	161	+1
Coats Viyella	1,300	181	-½	London Elect.	1,300	252	-4	Sedgwick	330	236		Yorkshire Elect.	646	293	
Comm. Union	389	489	+3	Lonrho	859	233½	+½	Seaboard	375	373	+4	Yorkshire Water	11	386	-4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A SQUEEZE pushed up Footsie futures and prompted a subsequent rise in the underlying cash index, writes Joel Kibazo.

The market shrugged off the by-election losses of the ruling Conservative Party and the December contract moved forward to trade at a premium to cash of 40 for most of the session. December was also helped by a strong gilts market, a firm opening on Wall Street and indications by the Bundesbank that there was unlikely to be a rise in German interest rates in the near future.

By the close, December had broken out of its recent trading range of 2550-2587 and stood at 2601 up 30 on the previous session and 16 above its estimated fair value premium to cash of 26. This changes to 18 on Monday. Turnover reached 5,782 by the close.

In traded options, turnover rose to 27,296 well above recent levels. British Gas which saw heavy trading in the underlying shares on the back of regulatory worries was the busiest stock option. It traded 5,670 lots, with County NatWest reported to have done a spread in the December 280 and 260 calls.

Dixons was the next busiest option with some 1,340 contracts dealt. Hillsdown, Guinness and Sears were also busy.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	114.0471	+0.266	9.77	9.85	10.07
BELGIUM		9.000	06/01	99.8000	+0.250	9.02	9.08	9.08
CANADA *		9.750	12/01	107.9500	+0.780	8.55	8.69	9.04
DENMARK		9.000	11/00	100.9750	+0.450	8.84	8.94	8.96
FRANCE	BTAN	8.500	11/96	98.5117	+0.314	8.87	8.93	9.04
	OAT	9.500	01/01	104.4800	+0.300	8.76	8.75	8.84
GERMANY		8.25	08/01	100.1200	+0.490	8.23	8.35	8.16
ITALY		12.000	06/01	97.4000	+0.100	12.47	12.39	12.49
JAPAN	No 119	4.800	06/99	92.6153	+0.196	6.23	6.21	6.30
	No 129	6.400	03/00	102.7997	+0.257	5.80	5.87	5.97
NETHERLANDS		8.500	03/01	98.5400	+0.260	8.73	8.77	8.70
SPAIN		11.900	07/96	100.8000	+0.030	11.61	11.58	11.56
UK GILTS		10.000	11/96	101-15	+8/32	9.63	9.79	9.74
		10.000	02/01	102-05	+16/32	9.64	9.78	9.70
		9.000	10/08	96-04	+14/32	9.46	9.57	9.51
US TREASURY *		7.875	08/01	103-08	+4/32	7.40	7.44	7.43
		8.125	08/21	102-16	+9/32	7.90	7.88	7.83

London closing. *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday November 7 1991

Health & Household	+	56.49
Textiles	+	55.84
Packaging & Paper	+	46.12
Business Services	+	39.22
Merchant Banks	+	35.86
Chemicals	+	35.74
Electricals	+	33.44
Engineering-General	+	33.38
Stores	+	32.26
Telephone Networks	+	28.49
Consumer Group	+	28.43
Other Industrial Materials	+	28.38
Industrial Group	+	23.74
Other Groups	+	23.68
Brewers & Distillers	+	21.89
Transport	+	21.05
Electricity	+	20.88
Investment Trusts	+	20.81
500 Share Index	+	20.75
Media	+	20.57
All-Share Index	+	18.97
Insurance (Life)	+	16.86
Food Manufacturing	+	16.40
Banks	+	16.35
Conglomerates	+	15.10
Motors	+	13.99
Electronics	+	13.70
Capital Goods	+	12.96
Hotels & Leisure	+	10.95
Water	+	8.66
Financial Group	+	7.87
Insurance Brokers	+	7.28
Metals & Metal Forming	+	5.53
Food Retailing	+	4.77
Oil & Gas	+	3.38
Building Materials	-	0.57
Gold Mines Index	-	2.46
Contracting, Construction	-	5.40
Insurance (Composite)	-	6.10
Property	-	6.66
Engineering-Aerospace	-	10.29

COMMODITIES

WEEK IN THE MARKETS

Zinc sets off on aluminium's trail

THE ALUMINIUM market has been hogging the headlines as producers have been forced to retrench because of overproduction, weak demand and low prices.

However, this week the zinc market stole some of the limelight when Cominco, the Canadian metals producer, announced that it was cutting production of refined zinc at its Trail smelter for similar reasons.

Analysts, who have been describing recent aluminium production cuts as too little, too late, were similarly dismissive of the effect the Cominco cut would have on the zinc market. The price was not likely to rise much unless other producers joined in with further cuts, they said.

However, the Cominco cut on Wednesday was enough to push cash zinc on the London Metal Exchange above $1,000 a tonne. On Friday cash zinc closed at $1,033.50 a tonne, a rise of $42 on the week.

Trail provides about 5.2 per cent of the western world's refined zinc. Cominco plans to run the plant at only 90 per cent of its 272,000-tonne-a-year capacity. While no employees were laid off, the company said more cuts would be considered if prices did not improve "in the near future."

The cut is seen as relatively small as Trail was still being brought up to full capacity after construction work. Mr Neil Buxton, analyst with the Metal Bulletin group, said Cominco's action would not be rewarded with higher prices for four to six months.

Mr Robin Bhar, analyst with Carr Kitcat & Aitken, said the prospects for a recovery in demand were poor, given that the main users were the motor and construction industries.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+32850	to 803,125
Copper	+1575	to 293,200
Lead	+1975	to 114,975
Nickel	+498	to 8,376
Zinc	-150	to 150,750
Tin	-315	to 12,935

LME warehouse stocks of zinc fell by 150 tonnes this week to 150,750 tonnes. Aluminium stocks, however, have continued their relentless progress, rising by 1,150 tonnes on Tuesday and by 32,850 tonnes yesterday taking the total above 800,000 tonnes.

Against such a figure this week's only cut in production seems insignificant. Alcan Brazil said on Wednesday that it had started to shut down a series of furnaces at its Ouro Preto plant, reducing production by 9,000 tonnes a year, and closed an extrusions factory.

The furnaces did not meet Brazil's increasingly stringent environmental controls. However, that is not the only problem for Brazilian producers – Alcan said the surging cost of electricity could force some operators out of business.

Figures from the European Aluminium Association this week show that capacity closures are beginning to have an effect – albeit very slowly. Production by European smelters this August was 295,807 tonnes, down 2 per cent on August 1990.

Aluminium prices have been steady this week on the LME. Yesterday's massive stock rise caused some early turbulence in the market, but cash aluminium fell only $1.50 to $1,152.50 a tonne, $2.50 down on the week.

Copper prices have been in retreat, cash copper closing yesterday at £1,344 a tonne, a fall of £15.50 on the week. The bears noted that LME stocks rose by 1,575 tonnes this week; Gecamines of Zaire said work had resumed at its mines; and Zambia Consolidated Copper Mines said production was proceeding normally in spite of a top-level shake-up.

Nickel prices fell steadily throughout the week. Stocks are likely to continue rising, dealers said yesterday, as Soviet metal arrives in Europe, putting further downward pressure on prices. Cash nickel closed at $7,310 a tonne yesterday, a fall of $140 on the week.

On the London bullion market gold prices have also drifted down this week. Even the potentially bullish news of the US discount rate cut on Wednesday found no response. Gold closed at $353.95 a troy ounce on Friday, off $3.90 on the week and with the market now showing overhead resistance at $355.

London's robusta coffee market has performed strongly this week in spite of the strength of sterling. Roaster buying and short covering by the funds emerged at the beginning of the week, while origin selling appeared to have dried up. The market's strength against the New York arabica market where prices have been falling has led to good arbitrage trading.

The financial troubles of French trader Sincafc gave prices a further boost on Thursday, when the January robusta contract hit a six-month high of £588 a tonne during the day. Yesterday it closed at £578, up £41 on the week.

David Blackwell

APPOINTMENTS

A Hongkong overture

Bernard Asher, an executive director of The HONGKONG and SHANGHAI BANKING CORPORATION, has joined the board of Midland Bank as a non-executive director. The move suggests that despite the two banks' well publicised problems, the Hongkong Bank may still be interested in eventually merging with Britain's weakest clearing bank.

Asher, aged 55, is replacing Peter Wrangham, who heads the Hongkong Bank's European operations and is retiring on November 20. Asher, who masterminded his bank's abortive bid for the Royal Bank of Scotland, moved to London in January after being appointed executive chairman of James Capel, the group's London stockbroking subsidiary which had been losing money. He retains overall responsibility for the group's merchant banking and broking operations.

Unlike most of the Hongkong Bank's executive directors, Asher is not a career banker. He only joined the group in 1980, when he was made general manager in charge of planning, and is regarded more as a strategic thinker than a line banker.

Before that he worked for ITT in Brussels and the National Economic Development Organisation in London. Just under a year ago, Midland and Hongkong Bank agreed that the time was not right for a closer structural association between the two groups. Since then the arrival of a new top management team at Midland has raised speculation that it might not want to be associated with the previous strategy of getting closer to the Hongkong Bank, which has a 14.7 per cent stake.

In terms of stock market capitalisation, the Hongkong Bank is roughly twice as big as Midland and most stock market analysts believe that it is still the most obvious suitor if any bank is to make a bid for Midland. Asher's appointment suggests that the Hongkong Bank is still anxious to maintain close contact. What is unknown is whether Midland's new management shares plans to chart a different course.

Hull quits Reuters

Only a day after REUTERS announced that it was starting trials on its much delayed second phase of Dealing 2000, a global foreign exchange transaction service, John Hull, Reuters transactions product chief announced that he is quitting.

Hull, executive vice-president of Reuters America in charge of Transaction Products, will not be renewing his current contract which ends next June. But he has agreed in principle to be a part-time consultant to the company after that date. Reuters says that Hull's departure was not connected with the delays to the introduction of Dealing 2000, or Globex, the automated futures trading system being developed by Reuters with the Chicago Mercantile Exchange and the Chicago Board of Trade. The company says that it was an "amicable arrangement".

Until June, Hull will continue to lead Reuters Transaction Products Group. He has particular responsibility for the launch of Dealing 2000 Phase Two and GLOBEX. It is too early yet to name a successor, the company says.

Lacey leaves CWS

David Lacey, deputy chief executive of the CO-OPERATIVE WHOLESALE SOCIETY, has announced his resignation from the end of this year.

Last month he failed to be selected for the top job when the other deputy chief executive David Skinner was picked to succeed Sir Dennis Landau, who is retiring next year.

While he is understood to have no firm plans for his future, Lacey, who is 54, said his parting from CWS was "entirely amicable".

As well as supplying goods and services to the Co-Op shops, CWS, which has a turnover in excess of£ 3bn, is also Britain's largest farmer and a substantial food manufacturer. Lacey is responsible for production and property.

■ Lynn Dukes has joined BARCLAYS DE ZOETE WEDD as director and head of operations. Previously the senior operating officer of Salomon Brothers in London, he will now be responsible for BZW's systems and settlements within the markets and investment banking worldwide.

Property moves

■ WOOLWICH PROPERTY SERVICES is appointing Richard Groom as md, Tom Wild resources director, Tom Harris operations director and Colin Mason finance director.

■ HERRING SON & DAW announces that Martin Sharrott is running its Amsterdam office, Niels Fisher is in charge of German operations, and Robert Thomson of European operations.

■ BERKELEY GROUP has appointed David Jackson a director and md of James Crosby Group and Peter Francis its chairman. Bob Hudson is md of Berkeley Homes (Hampshire).

■ Bryan Gregory is appointed chairman of JOHN LAING CONSTRUCTION on the retirement of John Renshaw, and Brian Richardson md of the Laing Building Division.

■ David Laidlaw, divisional director of John Lelliott London region, and Gordon Munro, divisional director of John Lelliott Eastern region, are appointed directors of JOHN LELLIOTT CONSTRUCTION.

■ Bob Leitch has been appointed md of WATES CONSTRUCTION (LONDON).

■ David Fair is promoted to the board of J SAVILLE GORDON PROPERTIES.

■ Greg Preston is appointed sales director of ENTERPRISE BUILDINGS.

■ Alexander Munn is appointed general manager, property of the AUTOMOBILE ASSOCIATION.

■ ARUN ESTATES has appointed Mike Tadman personnel director and Brian Matthews development director for the south east.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd Bournemouth 0345 717373						
High Income						
Gilts & Fixed Int	6	116 7	116 7	123 7	+0 1	9 30
High Inc Equity	6	131 7	135 1xd	143 7	+0 3	5 92
Worldwide Bond	6	209 9	209 9xd	222.6	+1 3	6 74
Capital Growth						
American Growth	6	201 5	201 5	215 2	+3 2	1 04
Asian Pacific	6	121.0	123.4	131.2	+2 2	1 20
Assets & Earnings	6	181 0	184 9xd	196 6	+0 1	3 05
Capital Reserve Acc	0	110 0	110 0	110 0		6 90
Capital Reserve Inc	0	87 01	87 01	87 01		6 90
Comdty & Energy	6	73 75	73 75	78 87	+0 22	1 72
1992 Enterprise	6	65 54	65 54	70 09	-0 08	2 94
Euro Capital Acc	6	86 16	86 16	92 14	+0 34	1 13
Euro Capital Inc	6	82 32	82 32	88 04	-0 32	1 14
General	6	174 4	174 4	186.5	-0 2	2 68
Japan	6	99 93	101 1xd	107 5	+0 1	-
Mastertrust	6	91 05	91 05	97 37	+0 26	2 63
UK Growth Acc	6	172 3	172 3	184 2	-0 1	2 17
UK Growth Dist	6	109 6	109 6xd	117 2		2.20
US Emerging Cos	6	74 77	76 08	80 93	+2 45	-
Income & Growth	6	301 2	301 2xd	322 1	-0 3	4.35
Ethical	6	53 92	55 20	58 72	-1 12	2.66
International	6	62 71	63 54	67 59	-0 40	1.30
Dividend & Growth	6	49 33	50 56	53 78	+0 03	5 58
Global Grwth & Sec	6	52 82	53 08	56 46	-0 20	3 08
Aberforth Unit Trust Managers Ltd (1600)F						
16 Chester St, Edinburgh EH3 7RA 031 220 0733						
UK Small Cos	0	1121 0	1121 0	1177 0		0
Abtrust Unit Trust Managers Ltd (1200)H						
10 Queens Terrace Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	29 63	29 63xd	31 42	-0.55	2.53
Cash	0	50 71	50 71	50 71	-0 01	10 15
European	5¼	66 89	66 89	70 95	-0 37	0 32
European Income	5¼	70 74	71 14	75 05	-0 37	1 63
Exempt	1	792.7	792 7xd	820 8	+2 9	4 97
Extra Income	5¼	39 05	39 05	42 50	+0 02	5 83
Far East Emerg Econ	5¼	47 40	47 40	50 81	-1 11	1 26
Fund Inv Tst	5	114 2	115 5xd	123 3	+0 3	1 39
Fund Inv Tst Acc	5	184 7	186 9xd	199 5	+0 5	1 37
Gilt & Fixed Int	5¼	16 07	16 43	17 54	-0 04	11 31
Japan	5¼	156 7	156 7	166 3	+0 3	0 00
Pacific	5¼	35 12	35 12	37 48	-0 67	0 41
Property Share	5¼	48 07	49 54	52 88	-0 05	4 49
UK Growth	5¼	35 14	35 14xd	37 91	-0 07	3 67

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Bishopsgate Progressive Mgmt Co (1200)F						
15 St James' Place London SW1A 1NW 071-493 8111						
Progressive Inc	5	18 41	18 41	19 43		0 96
Progressive Acc	5	27 74	27 74	29 28		0 96
International Inc	5	19.33	19 55	20 63		0 54
International Acc	5	26 23	26 52	27 99		0 54
Can & Foreign Inc	5	226 9	226 9	239 5		0 45
Can & Foreign Acc	5	271 2	271 2	286 2		0 45
Special Sits Inc	5	205 9	205 9	217 3	..	0.70
Special Sits Acc	5	223 6	223 6	236 0		0 70
PEP Inc	5	132.2	136.1	143 6		1 99
PEP Acc	5	141 2	145 3	153 3		1 99
Growth Inc	5	78 66	78 66	83 02		0 49
Growth Acc	5	79 46	79 46	83 86	.	0 49
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F						
5 Giltspur St London EC1A 9DE 071-236 6441						
Dolphin Special Sits	5½	124 1	124 1	132 7	+0 1	3 33
Dolphin Dividend	5½	57 77	57 77	61 78	-0 07	6 16
Dolphin Int Inc & Gth	5½	156 2	156 2	167 0	+0 1	4 25
Dolphin UK & Gen	5½	35 18	35 35	37 80	+0 34	1 87
Dolphin Fund of Funds	5½	47 50	48 53	51 90	+0 09	1 23
Britannia Life Unit Managers Ltd (1200)F						
190 West George St, Glasgow G2 2PA 041-332 3132						
Balanced Growth	6	78 23	79 47xd	84 99	+0 21	2 71
Do (Accum)	6	83 79	85 11	91 03	+0 26	2 71
Service Cos	6	67 65	67 65xd	72 35	+0 15	1 98
Do (Accum)	6	71 85	71.85	76 84	+0.16	1 98
Income Growth	6	43 03	43 03	46 02	-0.35	5 59
Do (Accum)	6	60 59	60.59	64 80	+0 49	5.59
Higher Yield	6	32 19	32 19xd	34 43	+0 14	4 90
Do (Accum)	6	41 23	41.23	44 10	+0 18	4 90
American Gth Inc	6	34 59	34.59	36 99	+0 73	1 08
Do (Accum)	6	35 24	35 24	37 69	+0 74	1 08
European Growth	6	24 67	24 67	26.38	+0 10	1 40
Do (Accum)	6	25 36	25 36	27 12	+0 11	1 40
Global Bond Inc	6	23 15	23 22	24 83	+0 07	6 03
Do (Accum)	6	26 75	26 83	28 70	+0 08	6 03
Managed P'folio Inc	6	25 63	25 71	27 50	+0 17	-
Do (Accum)	6	25 63	25 71	27 50	+0 17	-
Brown Shipley & Co Ltd (1000)F						
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5						
Mngd P'folio Inc	6	80 31	80.31	85 53	+0.22	2 43
Mngd P'folio Acc	6	148 2	148.2	157 8	+0.40	-
UK General	6	117 4	117 4xd	125 0	-0.20	4 06
Conv & General	6	16 94	16 94	18.04	+0 08	10 56
European Inc	6	20 03	20 03xd	21 56	-0 05	0 52
European Acc	6	20 57	20.57	22.15	-0 04	-
Financial	6	98 65	98 65	105 1	+0 20	4 50
Foundation	6	62 14	63 56xd	67 69	+0 01	4 15
German	6	34 72	34 72xd	37 19	-0 06	0 11
Growth Inc (15-1)	5	23 71	23 81xd	25 36	+0.08	3 65
Growth Acc (15-1)	5	26 60	26 71	28 45	+0 08	-
High Income	6	60 30	60 90	65 04	+0 45	6 72
Income	6	94 94	94 94xd	101 1		5.36
Intl Income	6	83 76	83 76	89 20	+0 20	5 41
Intl Growth &	6	28 43	28 43xd	30 28	+0 41	0 26

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Murray Johnstone UT Mgmt (2000)H						
7 West Nile St, Glasgow G2 2PX 0345 090 933						
Acumen	5	70.19	70 42	75 16	+0.17	4 74
Acumen Reserve	3	66.07	66 07	68.04	..	9 72
American Income	5	130 75	130 88	138.80	+2.00	3.02
Equity Income	5	82.50	82 50	88.04	+0.15	5.65
European	5	53.13	53 13	56 59	-0.03	1 25
Far Eastern	5	109.25	109.30	116.60	+1.20	1.33
Smaller Cos	5	48.43	48.43xd	51.68	+0.08	2.78
Olympiad	5¼	46 91	46.91	50 06	+0.19	0.68
Olympiad Income	5¼	43.88	43.88xd	46 83	+0.39	5.25
UK Growth	5	75.90	76.54	81.69	-0.04	1.27

For Geoffrey Morley see Commercial Union

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♦) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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Sovereign Unit Tst Mngrs Ltd (1000)F
12 Christchurch Rd, Bournemouth 0202 298422

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cash	1	49.57	49.57	50.06	+0.01	10.6
Col'ctr Prf'mnce	5½	48.67	48.98	52.25	+0.09	9.18
Ethical	5½	49.43	50.36	53.57	+0.11	4.67
European Growth	5½	46.82	46.82	49.94	..	2.8
Income	5½	46.94	47.43	50.59	+0.10	7.43
Intl Growth	5½	64.30	64.77	69.09	+0.60	3.36
Managed	5½	58.45	59.13	63.07	+0.26	4.53
UK Growth	5½	51.41	52.04	55.51	+0.07	5.54

Standard Chartered Equitor (1200)F
69 Old Broad Street, EC2M 1QS 071-280 6521

Mngd Exempt Acc	3	196.4	198.8	207.0	+0.6	2.97
Do Income	3	187.4	189.7	197.6	+0.6	2.97

Standard Life Tst Mgmt Ltd (0629)H
3 George St, Edinburgh EH2 2XZ 0800 393777

Managed Acc	5¼	35.77	35.77	38.01		2.61
UK Equity Gth Acc	5¼	47.94	48.83	51.89	-0.1	2.09
UK Eq High Inc Inc	5¼	32.27	32.96xd	35.03		5.66
UK Eq High Inc Acc	5¼	36.28	37.07	39.99	...	5.66
UK Equity Gen Acc	5¼	46.05	46.81	49.74	+0.1	3.31
UK Equity Gen Inc	5¼	36.04	36.64xd	38.93	+0.1	3.31
UK Larger Cos Acc F	7½	301.3	305.3	331.3	+0.6	4.47
UK Larger Cos Inc F	7½	242.6	245.8xd	266.8	+0.5	4.47
Gilt & Fxd Int Inc	5¼	27.47	27.54xd	29.13	....	7.68
O'seas Larg Cos Acc F	7½	211.9	216.1	234.5	-0.3	2.16
Nth American Acc	5¼	34.17	34.38	36.53	+0.2	0.73
Far East Acc	5¼	41.50	42.56	45.23	-0.4	0.23
European Acc	5¼	33.14	34.84	37.02		1.60

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

American ▼	5	282.7	282.7xd	301.6	-0.1	1.38
(Accum Units) ▼	5	332.7	332.7	354.9	-0.2	1.38
British	5	813.4	823.4	871.1	+3.9	5.96
(Accum Units)	5	1336.4	1352.8	1431.2	+6.4	5.96
European	5	313.1	313.1xd	333.4	-0.7	1.55
(Accum Units)	5	339.4	339.4	361.4	-0.7	1.55
Japan	5	115.1	115.1	122.3	+0.1	-
(Accum Units)	5	116.0	116.0	123.2	+0.1	-
New Pacific	5	171.6	171.6	182.5	+2.9	1.90
(Accum Units)	5	176.2	176.2	187.4	+3.0	1.90
PEP New 6	5	143.7	145.6	154.1	—	3.65
Mngd Equity	5	123.2	124.9	132.2	+0.2	3.46
Mngd Equity Acc	5	130.7	132.5	140.2	+0.2	3.46

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	107.6	113.3		-
Pension Managed Fd	106.2	111.7	.	-
Life Deposit Fd	110.5	116.3		-
Pension Deposit Fd	117.1	123.2		-

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	167.4	176.3	..	-
UK Equity	177.0	186.4		-
Overseas Equity	132.6	139.6	...	-
Fixed Interest	154.4	162.6		-
Property	133.2	140.3		-
Index Linked	152.0	160.1		-
Deposit	163.4	172.0		-
With Profits (B)	133.8	140.9		-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	357.1	375.9	+2.2	-
UK Equity	451.4	475.2	+2.0	-
Overseas Eq	342.3	360.4	+3.9	-
American	290.4	305.7	+5.3	-
Far East	371.0	390.6	+1.8	-
Property	194.4	204.7		-
Fixed Int	272.9	287.3	+0.9	-
Indexed Gilt	161.8	170.4		-
Deposit	187.3	197.2		-
With Profit	104.7	110.2	+0.1	-
Pension Fund (Accum Units)				
Managed	514.6	541.7	+2.5	-
UK Equity	610.9	643.1	+2.0	-
Overseas Eq	579.5	610.0	+5.5	-
American	365.7	385.0	+5.9	-
Far East	609.6	641.7	+5.4	-
Property	247.5	260.6	+0.1	-
Fixed Int	338.9	356.8	+0.8	-
Indexed Gilt	176.7	186.0	+0.1	-
Deposit	265.4	279.4	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	1118.6	1144.9		-

Prices November 1 Next dealing December 2

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	73.0	76.8	+0.3	-
Stock Market Mngd Fund	72.0	75.7	+0.4	-
Equity Fund	81.2	85.5	+0.4	-
International Fund	63.0	66.4	+0.6	-
European Fund	63.5	66.8	+0.3	-
North American Fund	69.6	73.3	+1.1	-
Pacific Fund	69.0	72.7	+0.8	-
Property Fund	77.5	81.6		-
Fixed Interest Fund	61.7	65.0	+0.2	-
Index linked Sec Fund	63.6	66.9	-	-
Deposit Fund	71.9	75.7	.	-
NUAM Retirement Plans				
Mixed Fund	81.2	85.5	+0.3	-
UK Ordinary Share Fd	95.2	100.2	+0.3	-
International Fund	67.6	71.1	+0.5	-
Property Fund	83.5	87.9		-
Fixed Interest Fund	75.9	79.9	+0.3	-
Index Linked Sec Fund	67.8	71.4		-
Deposit Fund	86.0	90.6	+0.1	-
NUAM (NF)				
Managed Fund	1029.4	1083.6	+5.4	-
Equity Fund	2220.0	2336.9	+10.2	-
International Fund	166.9	175.7	+1.5	-
Property Fund	492.4	518.4	+0.1	-
Fixed Interest Fund	464.0	488.5	+1.6	-
Index Linked Sec Fund	64.9	68.4		-
Deposit Fund	296.3	311.9	+0.1	-

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	116.89	123.05	+0.04	-
Managed Fd	100.69	105.99	+0.60	-
UK Ord Share Fd	106.96	112.59	+0.43	-
International Fd	92.14	96.99	+0.83	-
European Fd	87.19	91.78	+0.50	-
North American Fd	97.93	103.09	+1.45	-
Pacific Fd	82.97	87.34	+1.10	-
Property Fd	91.63	96.46	+0.06	-
Fixed Int Fd	109.40	115.16	+0.37	-
Intl Bond Fd	109.98	115.77	+1.19	-
Deposit Fd	116.23	122.34	+0.02	-
Unitised Pensions				
With Profits Fd	158.64	166.99	+0.05	-
Managed Fd	163.40	172.00	+0.71	-
UK Equity Fd	175.99	185.26	+0.50	-
International Fd	160.43	168.87	+1.36	-
European Fd	141.35	148.79	+0.81	-
North American Fd	164.26	172.90	+2.60	-
Pacific Fd	122.92	129.39	+1.63	-
Property Fd	151.89	159.89	+0.04	-
Fixed Int Fd	134.36	141.43	+0.45	-
Intl Bond Fd	139.85	147.21	+1.54	-
Bldg Soc Dep Fd	149.95	157.84	+0.04	-
Pensionvestor* & Unit-Linked Plan*				
Mixed Fund	436.4	459.4	-5.2	-
Ordinary Share Fund	658.3	692.9	-9.4	-
International Fund	171.3	180.3	-2.2	-
Property Fund	257.6	271.2	+0.4	-
Fixed Interest Fund	376.1	395.9	-2.4	-
Index-Linked Sec Fund	191.2	201.3	+0.5	-
Deposit Fund	268.6	282.7	+0.5	-
Norwich Units Oct 15	1082.42			-

*Prices as at November 5

	Bid Price	Offer Price	+ or -	Yield Gross
Jersey Investment Plan				
With Profits Fund	118.23	124.46	+0.04	-
Intl Equity Fund	93.25	98.16	+0.85	-
Intl Bond Fund	118.01	124.22	+1.38	-

Pearl Assurance (Unit Funds) Ltd
Thorpe Wood, Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or -	Yield Gross
Prop Dist (Gross)	132.6	139.5	(u)	-
Prop Acc (Gross)	252.7	265.9	(u)	-
Equity (Gross)	865.4	910.9	(u)	-
Managed (Gross)	600.2	631.8	(u)	-
Prop Acc (Net)	120.5	126.9	(u)	-
Equity (Net)	201.9	212.5	(u)	-
Managed (Net)	186.4	196.2	(u)	-
Internat'nal (Net)	169.3	178.2	(u)	-
Gilt & Fxd Interest	127.2	133.9	(u)	-
Money Fund	133.8	140.8	(u)	-
Mixed Fund (Cap)	118.0	124.3	....	-
Mixed Fund (Acc)	120.1	126.5	..	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	649.7	683.9	(u)	-
Ret Man (Series 2)	220.4	232.0	(u)	-
Ret Cash	185.1	194.8	(u)	-
Pens Mixed Fd (Cap)	129.4	136.3	..	-
Pens Mixed Fd (Acc)	131.7	138.7		-
Pens Stlg Fd (Cap)	99.3	104.6		-
Pens Stlg Fd (Acc)	101.0	106.4	..	-

Pegasus Assurance Ltd
Broad Quay, Bristol BS1 4DJ 0272 230271

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Aggressive	99.2	104.4	+0.1	-
Managed Balanced	100.7	106.1	+0.3	-
Managed Cautious	109.9	115.8	+0.4	-
Pension Funds				
Managed Aggressive	103.7	109.2	+0.1	-
Managed Balance	105.1	110.7	-0.3	-
Managed Cautious	111.7	117.6	+0.4	-

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	143.0	151.0	+4.0	-
Building Soc Fd	213.0	225.0		-
Balanced	266.0	280.0	+1.0	-
European	192.0	203.0	+1.0	-
GT Managed	184.0	194.0	+1.0	-
Gartmore Mngd	127.0	134.0	..	-
German	135.0	143.0	+1.0	-
Gilt	172.0	182.0	+2.0	-
Global	39.0	42.0	..	-
International Equity	194.0	205.0	+2.0	-
Japan	202.0	213.0	+1.0	-
Leisure	49.0	52.0	..	-
Managed	46.0	49.0	..	-
Property	290.0	306.0	..	-
UK Equity	271.0	286.0	+1.0	-
Pension Funds				
American	263.0	277.0	+4.0	-
Building Soc Fd	225.0	237.0		-
Balanced	221.0	233.0	+1.0	-
European	211.0	223.0	+3.0	-
German	130.0	137.0	+1.0	-
Gilt	166.0	175.0	+1.0	-
Global	39.0	42.0		-
International Equity	171.0	180.0	+3.0	-
Japan	113.0	119.0		-
Managed	57.0	60.0	+1.0	-
Property	224.0	236.0		-
UK Equity	269.0	284.0	+2.0	-

Professional Life Assurance Co Ltd
Skandia Hse, Portland Terr, Southampton 0703 232323

	Bid Price	Offer Price	+ or -	Yield Gross
BZW/IM Managed	121.0			-
Fidelity Managed	102.9		..	-
Hill Samuel Managed	124.7			-
Morgan Grenfell Managed	115.4			-
PDFM Managed	119.6			-
Schroder Managed	122.6			-
Professional Managed	119.0			-
European	83.5			-
Fixed Interest	139.9			-
International Equity	137.3			-
Pacific Equity	104.8			-
UK Equity	135.8			-
US Equity	122.7			-
European Index	88.2			-
International Index	101.7			-
Japanese Index	95.8			-
South East Asia Index	101.4			-
UK Index	128.8			-
US Index	114.9			-
Property	101.8			-
Sterling Deposit	122.2			-
Retirement Annuity	95.46	101.24		-
Retirement Ann Cash	106.88	112.50		-

Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Gwth Mngd	585.0	622.4	+3.9	-
Adventurous Mngd	133.6	142.2	+0.9	-
Cautious Mngd	107.4	114.3	+0.3	-
Cash Fd	292.0	307.7	+0.4	-
Property Fund	210.9	224.4		-
Equity Fund	683.5	727.2	+9.2	-
Fxd Int. Fund	334.1	352.1	+0.2	-
International	321.5	342.1	+3.0	-
High Income	493.0	524.5	+3.9	-
Far East	386.4	411.1	+4.2	-
North American	312.9	332.9	+3.8	-
Special Sits	528.5	562.3	+1.3	-
Technology	307.3	327.0	+4.6	-
Extra Inc Fd	278.1	295.9	+1.6	-
Convertible & Gilt Fd	136.3	145.0	+0.1	-
American Income	139.8	148.8	+1.6	-
Gilt Fund 20	372.6	396.4	+0.3	-
European Fund	105.9	112.7	+0.7	-
Pref & Fixed Int	92.0	97.9	-0.3	-
UK Blue Chip	97.9	103.2	+0.5	-
Recovery Fund	104.0	109.6	-1.3	-
Equity Income Dist	95.1	101.2	+0.3	5.52
Managed Dist	91.8	97.7	+0.3	5.80
High Yield Dist	95.9	101.1	+0.2	9.52
Pension Funds				
Bal Gth Mgd Pens Acc	628.5	661.6	+2.3	-
Adventurous Mgd Pens Acc	134.7	141.8	+0.5	-
Cautious Mngd Pens Acc	119.3	125.6	+0.4	-
Building Soc. Acc	328.6	345.9	+0.7	-
Property Pens Acc	289.9	305.2		-
Fix Int Pens Acc	508.3	535.1	+0.1	-
Equity Pens Acc	785.8	827.2	+6.7	-
International Pens Acc	296.0	311.6	+3.0	-
High Inc Pens Acc	535.1	563.3	+0.5	-
Tech Pens Acc	203.5	214.3	+2.9	-
N American Pens Acc	221.9	233.6	+3.2	-
Far Eastern Pens Acc	374.8	394.6	+3.7	-
Special Sits Pens Acc	433.2	456.0	-2.5	-
Extra Income Pens Fd	333.2	350.8	+0.2	-
Convertible & Gilt Pen	160.7	169.2	+1.6	-
American Inc Pens	155.1	163.3	+0.3	-
European Pens	116.4	122.6	+0.7	-
Managed Cash Pens	154.5	162.7	+0.4	-
Pref & Fixed Pens	106.4	112.1	+0.3	-
UK Blue Chip	99.2	104.5	+0.6	-
Recovery Fund	106.5	112.2	-1.7	-
Banked With Profits Pens	96.0	101.1	+0.1	-
Other Funds				
Margett Growth	101.2	106.6	+0.9	-
Margett Income	102.7	108.2	+0.9	-
Margett Pension	106.4	112.0	+0.7	-
DWC Growth & Income	121.1	127.5	-0.2	-
NCH Managed	101.1	106.5	+0.9	-
B&B Select Mngd	91.3	96.2	+0.3	-

For Property Equity & Life see Eurolife Ass Co

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	149.5	157.5	+0.5	-
Accum Equity	217.0	228.5	+0.5	-
Accum Managed	227.0	239.5	+1.0	-
Accum Five Star	170.0	179.0		-
Accum World	124.0	131.0	+0.5	-
Accum Lifetime	112.5	112.2	+0.2	-
Pens Acc Equity	232.5	245.5	+1.0	-
Pens Acc Managed	282.0	297.5	+1.0	-
Pens Acc Intl	208.5	220.0	+2.5	-
Pens Acc Deposit	207.5	219.0		-
Pens Acc Five Star	185.0	195.5	+0.5	-

Providence Capital Life Asse. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	229.2	241.8	+0.1	-
UK Fixed Int Acc	186.7	197.0	....	-
Intl Equities Acc	174.8	184.4	+1.4	-
UK Managed Acc	175.8	185.4	+0.3	-
Property Acc	225.3	237.7	.	-
Money Acc	133.3	140.7	+0.1	-
Special Market Acc	150.1	158.4	+0.6	-
Japan Equity Acc	102.6	108.3	+0.2	-
North American Acc	103.3	109.0	+1.8	-
Pacific Acc	94.6	99.8	+1.0	-
Technology Acc	123.0	129.8	+0.8	-
Nat Resources Acc	53.4	56.4	.	-
European Acc	99.5	105.0	+0.2	-
Residential Prop Acc	94.8	100.0	+0.3	-
Swiss Equities Acc	33.1	35.0	+0.2	-
Hong Kong Acc	69.3	73.2	-1.1	-
UK High Inc Eq Acc	74.1	78.2		-
Int Fixed Interest Acc	60.6	64.0	+0.2	-
Int Managed Acc	56.6	59.7	+0.4	-
HIP Managed Acc	116.7	123.1	+0.2	-
HIP Managed II Acc	102.6	108.2	+0.2	-
HIP Managed III Acc	110.4	116.4	+0.4	-
Total Investment Bond				
UK Equity Initial	155.4		..	-
UK Fixed Int Initial	126.9			-
Intl Equities Initial	117.9		+1.0	-
UK Managed Initial	119.4		+0.1	-
Property Initial	154.2			-
Money Initial	91.1		+0.1	-
Special Market Initial	126.3		+0.4	-
Japan Equity Initial	79.5		+0.2	-
North American Initial	80.0		+1.4	-
Pacific Initial	73.2		+0.7	-
Technology Initial	95.2		+0.5	-
Nat Resources Initial	41.4			-
European Initial	89.1		+0.2	-
Residential Prop Init	90.3		+0.2	-
Swiss Equities Initial	31.6		+0.3	-
Hong Kong Initial	66.1		+1.0	-
UK High Inc Eq Init	70.6		.	-
Int Fixed Interest Init	58.5		+0.2	-
Int Managed Init	54.7		+0.3	-
HIP Managed Init	113.2		+0.2	-
HIP Managed II Initial	100.8		+0.2	-
HIP Managed III Init	109.6		+0.3	-
Broker Funds				
High Performance	74.9	79.0	-0.1	-
Towerhill Mngd Fd Acc	49.9	52.6	-1.0	-
YRA Executive Fd	99.2	104.6	+0.1	-
£ Global Growth Acc	128.3	135.3	+1.1	-
£ High Income Money Acc	144.3	152.2	+0.1	-
IM Balanced	94.5		+0.2	-
H F Speculator Fd	117.5		-1.1	-
AAFS Int Man Fund	123.3		+0.2	-
Andrews-Green Inv Port	86.8		+0.1	-
Individual Pension Funds				
UK Equity Acc	251.5	265.4	+0.2	-
UK Fixed Interest Acc	239.2	252.4	+0.1	-
Intl Equities Acc	223.5	235.8	+2.1	-
UK Managed Acc	192.4	202.9	+0.3	-
Property Acc	202.7	213.9		-
Money Acc	169.0	178.3	+0.1	-
Special Market Acc	238.9	252.1	+1.0	-
Japan Equity Acc	162.8	171.8	+0.4	-
North American Acc	127.2	134.2	+2.2	-
Pacific Acc	177.2	187.0	+2.0	-
Technology Acc	159.3	168.1	+1.1	-
Natural Resources Acc	83.0	87.6		-
European Acc	112.3	118.5	+0.3	-
Residential Prop Acc	102.5	108.2	+0.5	-
Swiss Equities Acc	33.2	35.1	+0.2	-
Hong Kong Acc	71.6	75.6	+1.4	-
UK High Inc Equ Acc	81.5	86.0		-
Int Fixed Interest Acc	65.6	69.3	+0.3	-
Int Managed Acc	57.7	60.8	+0.4	-
Group Pension Funds				
Equity Acc	842.7	868.8	+4.3	-
Fixed Interest Acc	710.1	732.1	+0.2	-
Managed Acc	138.4	141.1	+0.2	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Range (Pensions)				
Discretionary Fund	133.0		+0.2	-
Equity Fund	132.3		+0.4	-
Fixed Interest Fund	149.4		-0.1	-
International Fund	107.8		+0.1	-
Property Fund	138.5			-
Index-Linked Fund	137.4		.	-
Deposit Fund	151.5		..	-
S & F Consolidation	140.5		...	-
S & F Balanced	149.1		+0.3	-
S & F Maximum Growth	107.1		..	-

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	355.1	373.8	+1.3	-
Managed Init	264.4	278.3	+0.8	-
Equity Ord	521.5	548.9	+0.8	-
Equity Init	388.4	408.8	+0.6	-
Index Linked Gilt Ord	159.5	167.9	+0.1	-
Index Linked Gilt Init	124.0	130.5		-
Overseas Equity Ord	284.0	298.9	+2.7	-
Overseas Equity Init	211.5	222.6	+2	-
Property Ord	215.2	226.5	+0.1	-
Property Init	160.2	168.6		-
Fixed Interest Ord	213.4	224.6	+0.5	-
Fixed Interest Init	158.9	167.3	+0.4	-
Deposit Ord	178.7	188.1		-
Deposit Init	133.1	140.1		-
Pension Funds				
Managed Ord	452.2	476.0	+1.8	-
Managed Init	336.8	354.5	+1.3	-
Equity Ord	680.9	716.7	+1.5	-
Equity Init	507.0	533.7	+1.1	-
Pen Ind Lkd Gilt Ord	178.8	188.2		-
Pen Ind Lkd Gilt Init	139.1	146.4		-
Overseas Equity Ord	323.8	340.8	+3.4	-
Overseas Equity Init	241.1	253.8	+2.5	-
Property Ord	270.3	284.5	+0.1	-
Property Init	201.3	211.9		-
Fixed Interest Ord	267.2	281.3	+0.8	-
Fixed Interest Init	199.0	209.5	+0.6	-
Deposit Ord	252.4	265.7		-
Deposit Init	188.0	197.9		-

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Prufund				
Managed Nov 6	256.5	266.2		-

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 071-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Holborn Series I Life Funds				
Managed	579.9	608.4	+4.4	-
Equity	1172.6	1234.4	+9.5	-
Fixed Interest	458.4	482.6	+1.0	-
Property	372.4	392.0	+0.1	-
Cash	327.1	344.4		-
International	404.3	425.6	+6.5	-
Holborn Series II Life Funds				
Managed	561.1	590.7	+4.3	-
Equity	1135.5	1195.3	+8.2	-
International	392.7	413.4	+6.3	-
Fixed Intl	442.5	465.8	+0.9	-
Property	359.3	378.3		-
Cash	316.1	332.8		-
Pacific Basin	217.3	228.8	+5.1	-
North American	151.2	159.2	+5.6	-
European	182.4	192.0	+0.8	-
Holborn Balanced Gwth	114.3	120.4	+0.7	-
Holborn Strategic Gwth	114.1	120.2	+1.0	-

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 071-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	590.9	622.1	+5.7	-
Equity	840.3	884.6	+7.9	-
Global Equity	242.4	256.2	+4.6	-
Fixed Interest	520.7	548.2	+1.2	-
Property	355.1	373.8	+0.2	-
Cash	211.9	223.1		-
Index Linked Gilt	233.4	245.7		-
Guaranteed	9.50			-
International Money	244.9	257.8	-0.1	-
North American	77.3	81.4	+2.4	-
Japanese	125.0	131.6	-1.7	-
European	100.9	106.3	+0.7	-
Special Situations	110.0	115.8	+0.6	-
Global Growth	91.1	95.9	+0.7	-
Smaller Companies	123.5	130.1	+0.4	-
International Small Cos	137.4	144.7	+1.5	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 071-548 3261

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Managed Funds				
Discretionary Oct 30	£182.71	188.32	..	-
Equity Oct 30	£206.99	214.04	...	-
International Oct 30	£28.72	29.33	....	-
Intl Bond Oct 30	£14.13	14.32	....	-
Fixed Int Oct 30	£95.79	96.87	...	-
Index Linked Oct 30	£72.89	73.81	...	-
Property Oct 30	£103.16	109.00	.	-
Cash Oct 30	£28.8803	28.8803		-
Pru-Linked Retirement Plan				
Managed Nov 5	436.1	454.3	...	-
Cash Nov 5	266.4	277.5		-
Prudential Pensions Investment Account				
Pens Mngd Nov 7	174.7	187.9	+0.7	-
Pens UK Eq Nov 7	318.8	343.8	+2.3	-
Pens Intl Nov 7	193.6	208.1	-0.5	-
Pens Global Eqty Nov 7	100.2	105.5	+0.4	-
Pens Fixed Nov 7	220.0	232.3	+0.8	-
Pens Index Lk Nov 7	189.4	200.1	+0.1	-
Pens Property Nov 7	84.6	89.0	+0.1	-
Pens Cash Nov 7	175.8	183.2		-
Money Purchase Plan				
Discretionary Nov 6	97.7	104.7	+0.1	-
Equity Nov 6	98.7	105.9	+0.1	-
International Nov 6	90.4	96.1	-0.1	-
Global Equity Nov 6	97.4	104.4		-
Intl Bond Nov 6	95.1	100.2	-0.1	-
Fixed Interest Nov 6	102.2	107.4		-
Index Linked Nov 6	98.8	104.1	+0.3	-
Property Nov 6	93.2	102.4	....	-
Cash Nov 6	98.6	103.6		-

For Regency Life Ass see AEGON Life Ass

Reliance Mutual
Reliance House, Tonbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	154.9	163.0		-
Equity Acc Fd	363.7	382.9	+0.7	-
Managed Acc Fd	314.0	330.5	+0.3	-
Prop Fd (1st Issue)	-	687.5		-
Prop Acc Fd (2nd Iss)	130.9	137.8	+0.5	-
Unit Trust Mn Fd	118.4	124.6	-0.4	-
RL Pension Funds				
Deposit Acc	218.7	230.2	+0.1	-
Equity Acc	266.4	280.4	+0.7	-
Fixed Int Acc	207.0	217.9	+1.3	-
Gilt Indx Lnk Acc	161.1	169.6	+0.4	-
Managed Acc	335.5	353.2	-1.2	-

Royal Heritage Life Assurance Ltd
Peterborough Business Pk, PE2 6GG 0733 390000

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth		552.6	..	-
Multiple Growth & Cap	377.5	397.4		-
Op Prop	355.3	374.0	+0.1	-
Op Equity	762.0	802.2	+0.6	-
Op High Yld	431.0	453.7	+1.3	-
Op Man	587.2	618.2	+2.6	-
Op Dep	341.1	359.1		10.375
Op Inc Dist	193.0	203.2	+0.5	9.40
Op Int Man	311.9	328.4	+3.0	-
Op Emerging Co's	308.3	324.6	+2.3	-
Pension Funds				
Property Ser B	736.8	775.6	+0.1	-
Equity Ser B	2156.3	2269.8	-0.2	-
Fixed Interest Ser B	794.7	836.6	+1.9	-
Managed Ser B	1097.5	1155.3	+2.4	-
Deposit Ser B	699.8	736.7		-
Property Ser D		190.4		-
Equity Ser D		146.7		-
Fixed Interest Ser D		198.4	+0.5	-
Managed Ser D		141.3	+0.3	-
Deposit Ser D		209.0		-
Pension Unit Trust Funds				
Gartmore Global Ser B	166.4	175.2	-0.3	-
Gartmore NA Ser B	100.4	105.7	+0.3	-
Gartmore Pacific Ser B	258.8	272.5	+0.9	-
Henderson Acc Ser B	185.4	195.2	+0.2	-
Perpetual Mng Ser B	196.4	206.8	-0.5	-
Framlington Mic Ser B	187.3	197.2	+0.3	-
Gartmore Mngd Ser B	214.4	225.7	+0.2	-
Gartmore Euro Ser B	137.4	144.7		-
Gartmore Global Ser D		106.3	-0.2	-
Gartmore NA Ser D		115.6	+0.3	-
Gartmore Pacific Ser D		138.1	+0.5	-
Henderson Acc Ser D		139.4	+0.2	-
Perpetual Mng Ser D		145.8	-0.4	-
Framlington Mic Ser D		152.1	+0.3	-
Gartmore Mngd Ser D		179.1	+0.2	-
Gartmore Euro Ser D		106.8	..	-
Baring Funds				
Australia	78.3	82.5	+1.3	-
Eastern	229.9	242.0	+3.3	-
European Smllr Cos	139.8	147.2	+0.6	-
Japan Sunrise	120.6	127.0	+0.1	-
Managed	149.3	157.2	+1.8	-
Gartmore Funds				
American	167.7	176.6	+3.3	-
British	271.9	286.3		-
European	167.7	176.6	+1.1	-
Frontier Markets	115.6	121.7	+1.2	-
Intl Fixed Interest	94.3	99.3	+0.4	-
Gold Intl Resources	56.1	59.1	+0.7	-
High Inc	238.8	251.4		-
Hong Kong	180.0	189.5	+2.3	-
Income	313.9	330.5	+0.5	-
Japan	314.7	331.3	+0.4	-
UK Smlr Cos	282.8	297.7	+0.3	-
Man Gth	331.2	348.7	+1.5	-
Global Inc & Gwth	125.8	132.5	+1.2	-
Worldwide Recovery	105.9	111.5	+0.5	-
European Select Opps	125.8	132.5	+0.3	-
Pacific Growth	160.2	168.7	+2.4	-
INVESCO MIM				
European Smaller	118.8	125.1		-
US Smlr Co's	124.3	130.9	+2.3	-
Inc	134.2	141.3	-0.3	-
SE & East Asia Gwth	180.9	190.5	+2.7	-
Gold	31.5	33.2	+0.1	-
Inc Growth	260.3	274.0		-
Japan Perf	227.1	239.1	+0.7	-
Japan Smlr Cos	197.0	207.4	-0.5	-
UK Income	234.0	246.4	+0.3	-
Prop Shares	131.6	138.6	+0.5	-
Smaller Cos	195.4	205.7		-
Man Growth	194.8	205.1	+0.7	-
Gilt	72.3	76.2		-
Perpetual Funds				

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[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

November 8	US$	+ or −
AAR Corp	14⅞	−⅛
AMP Inc	53⅛xd	−⅜
AMR Corp	60⅜	−3
ASA	46⅝	−⅛
Abbott Labs	59⅞	+⅛
Acme Cleveland	6⅞xd	...
Adobe Res	7⅞	+⅛
Advanced Micro	12⅞	−⅛
Aetna Life	40⅞	−1⅛
Affiliated Publ	7⅞xd	−⅛
Ahmanson (HF)	15⅞xd	−⅛
Air Prod & Chemical	68⅛	+⅛
Alberto-Culver B	28⅛xd	−1⅛
Albertson's	36⅞xd	+⅜
Alcan Aluminum	21⅛	−⅛
Alco Standard	32⅜	−⅛
Alexander & Alex	20⅜	−⅛
Alex & Baldwin	27½xd	+½
Allegheny Power	43⅜	+⅛
Allied Signal	41⅝xd	−⅜
Aluminum Co of Am	62⅞xd	−½
Amax	20⅛xd	−⅛
Amdahl Corp	16⅛xd	+⅛
Amerada Hess	55⅜	+⅛
Amer Brands	41½xd	
Amer Cyanamid	60⅜xd	−1½
Amer El Power	31⅝xd	...
Amer Express	18½	+⅛
Amer Family Corp	29xd	−⅛
Amer Genl Corp	42⅝xd	+⅛
Amer Greetings Cl A	36xd	+⅛
Amer Home Pr	76xd	+1⅜
Amer International	88½xd	−⅜
Amer Natl Ins	37⅛xd	+⅛
Amer Stores	37⅜	+⅛
Amer T & T	38⅜	−⅛
Ameritech	62⅞	+⅛
Ames Dept Stores	1.12	+0.13
Ametek Inc	12⅞	+⅛

November 8	US$	+ or −
Contl Bank Corp	10⅛	...
Contl Corp	24⅛	−⅛
Control Data	8⅞	−⅛
Cooper Inds	55⅞xd	−⅛
Coors (Adolph)	18⅞	+½
Corestates Finl	45½	...
Corning Inc	75⅞	−⅛
Crane	24	−⅝
Cray Research	48⅞	−1⅛
Crown Cork & Seal	91	−⅛
Cummins Engine	48½xd	−1
Curtiss-Wright	32½	+⅛
Cypress Semicond	18½	...
Cyprus Minerals	24⅞	−⅛
DSC Commun	4.87	...
DQE	28⅞	−⅛
Dana Corp	26⅝xd	+⅜
Data General	16½	−½
Dayton Hudson	62⅝xd	+⅛
Deere	54⅛	...
Delmarva Powr & L	20⅞	+⅛
Delta Air Lines	61xd	−⅜
Deluxe Corp	38⅝	+⅜
Detroit Edison	33⅛	+⅜
Dial Corp Ariz	44½	...
Diebold Inc	51xd	+⅛
Digital Comms	17⅛	+⅛
Digital Equipment	60⅞	+1⅜
Dillard Dept St	128½	−1
Disney (Walt)	115⅞	+⅝
Dole Food Inc	36⅛xd	+⅛
Dominion Res	55⅛	−⅛
Donelley (RR)&Sons	46⅞xd	+⅛
Dover Corp	37⅛	...
Dow Chemicals	53	+⅛
Dow Jones	24⅜xd	+⅛
Dravo Corp	7⅞	+⅛

November 8	US$	+ or −
Columbia Gas	17⅞	−⅛
Comcast Corp A	16½xd	−⅛
Commerce Cl Hse	19⅛	+1
Comm Satellite	36⅞xd	...
Commonw Edison	41	−⅛
Compaq Computer	26⅝	−⅛
Computer Ass Int	9⅞	−⅛
Computer Sciences	69⅞	+⅛
Conagra	44xd	−⅛
Cons Edison	25½xd	...
Cons Freightways	12⅞	+⅛
Cons Nat Gas	44	−½
Cons Paper	37⅛xd	+½
Cons Rail	78⅞	−⅛
Continental Air	1.50	...

November 8	US$	+ or −
Intel Corp	43½	+½
Intergraph	19½	...
Interlake	4.87	+0.13
IBM	100⅜xd	+⅞
Intl Flav & Fr	90⅞	+⅛
Intl Multifoods	28xd	+⅛
Intl Paper	74xd	−½
Interpublic	50⅛xd	−½
InterTAN	26	−⅛
James River Va	21⅜xd	+½
Jefferson Pilot	55⅛xd	−⅝
Johnson Controls	34½	+⅛

November 8	US$	+ or −
Peoples Energy	27⅞	−⅛
Pepsico	29	−⅜
Perkin Elmer	32⅞	−⅜
Petrie Stores	20⅞	−⅛
Pfizer	68⅛xd	+⅛
Phelps Dodge	78⅛xd	−⅜
Philadel Elec	23⅜xd	...
Philip Morris	69½	...
Phillips Pet	25⅞xd	+⅛
Phillips-Van Hsn	18	+⅛
Pic'n'Save	21⅞	+⅜
Pinnacle West Cap	13⅛	+⅛
Pioneer Hi Bred	61⅞	...
Pitney Bowes	60⅛	+½
Pittston	17xd	+⅛

November 8	US$	+ or −
US Shoe	12⅞	+⅛
US Surgical	98⅛xd	+⅜
US Trust	43⅞	...
US West	36⅛	+⅛
United Technology	49⅛xd	+1
United Telecomms	23⅜xd	−⅛
Unocal Corp	27	−⅛
Upjohn	44⅛	−⅜
VF Corp	38⅛xd	−⅛
Valero Energy	28⅛	...
Varian Associates	37	−⅛
Varity Corp	20⅛	+⅛

November 8	Can. $	+ or −
Southam	15⅝	+⅛
Spar Aerospace	15⅝	−⅛
Stelco A	7	+⅛
Teck Corp B	19⅝	+⅜
Thomson Corp	15½xd	...
Toronto Dom Bk	19	−⅛
Total Pet N Am	15⅛	+⅛
Transalta	13⅝	...
Trans Can Pipe	17⅞	+⅛
Trimac	9⅛	...
Trizec A	13⅛	...
United Dominion	11⅞	−⅛
Westcoast Energy	20⅛	−⅛
Weston (George)	41	+⅜

INDICES

NEW YORK

DOW JONES	Nov 7	Nov 6	Nov 5	Nov 4	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3054.11	3038.46	3031.31	3045.62	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.81	97.63	97.50	97.54	97.81 (7/11)	91.30 (16/1)	97.81 (7/11 91)	54.99 (1/10/81)
Transport	1281.39	1271.67	1274.29	1281.02	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	219.77	216.45	214.76	215.20	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3066.19 (3056.57) Low 3020.35 (3010.51)

STANDARD AND POOR'S

	Nov 7	Nov 6	Nov 5	Nov 4	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	393.72	389.97	388.71	390.28	396.64 (28/8)	311.49 (9/1)	396.64 (28/8/91)	4.40 (1/6/32)
Industrials	463.60	459.71	458.56	460.49	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	32.17	31.55	31.39	31.56	32.24 (14/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	217.14	215.30	214.68	215.43	217.17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4.46 (25/4/42)
Amex Mkt. Value	388.26	386.65	384.94	384.10	388.26 (7/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	545.28	539.48	538.82	537.50	545.28 (7/11)	355.75 (14/1)	545.28 (7/11/91)	54.87 (31/10/72)

	Nov 1	Oct 25	Oct 18	year ago (approx.)
Dow Industrial Div. Yield	3.03	3.09	3.00	4.08

	Nov 6	Oct 30	Oct 16	year ago (approx.)
S & P Industrial div. yield	2.72	2.71	2.73	3.54
S & P Indl. P/E ratio	21.19	21.37	21.17	14.43

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
RJ Nabisco	2,967,200	10⅛	- ⅛
Triton	2,809,100	51	+ 5⅛
Adv Micro	2,584,500	13⅛	+ ⅝
Telefonos	2,381,200	43	+ ⅛
Limited	2,283,600	26½	+ 2⅛
N Med Ent	1,977,200	15	- ⅛
Pfizer	1,969,200	67⅞	- 1⅞
Toys R Us	1,965,200	28⅝	+ 2
Wal-Mart	1,918,200	48⅝	+ 1⅞
IBM	1,898,800	100	+ 3⅛

TRADING ACTIVITY

† Volume (Millions)	Nov 7	Nov 6	Nov 5
New York SE	204.832	167.379	171.950
Amex	15.205	15.107	14.396
NASDAQ	216.078	191.182	176.983
NYSE			
Issues Traded	2,148	2,143	2,157
Rises	1,077	873	742
Falls	570	714	853
Unchanged	501	556	562
New Highs	157	92	85
New Lows	21	22	25

CANADA

TORONTO	Nov 7	Nov 6	Nov 5	Nov 4	1991 HIGH	1991 LOW
Metals & Minerals	3036.52	3033.96	3056.02	3031.54	3299.99 (18/7)	2632.06 (9/1)
Composite	3546.70	3531.08	3525.71	3511.77	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1868.77	1863.92	1862.56	1857.33	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common−50; Standard and Poor's−10; and Toronto Composite and Metals−1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov 8	Nov 7	Nov 6	Nov 5	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1696.3	1683.5	1679.0	1692.7	1696.3 (8/11)	1204.5 (16/1)
All Mining (1/1/80)	663.2	664.1	661.8	669.5	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	415.05	400.46	396.65	396.09	534.81 (16/4)	395.58 (4/11)
BELGIUM						
BEL20 (1/1/91)	1104.35	1102.89	1104.36	1104.57	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	367.13	366.24	366.46	367.00	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	822.2	821.8	821.6	821.4	1186.9 (8/4)	821.4 (5/11)
FRANCE						
CAC General (31/12/82)	494.91	492.65	492.28	492.95	497.62 (2/10)	394.88 (15/1)
CAC 40 (31/12/87)	1857.55	1838.57	1836.06	1846.91	1887.29 (1/10)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	660.31	650.89	651.31	651.85	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1861.50	1834.10	1834.30	1835.20	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1606.22	1578.40	1574.22	1576.12	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4236.64	4184.74	4173.57	4146.54	4236.64 (8/11)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1409.21	1414.64	1414.30	1428.57	1528.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital (1972)	509.86	512.06	515.13	513.21	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	24486.49	24446.76	24750.20	24950.86	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1846.81	1858.41	1864.99	1878.16	2028.85 (18/3)	1625.80 (17/1)
2nd Section (4/1/68)	2795.38	2811.25	2822.15	2838.54	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	536.19	533.16	531.67	(c)	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS TtI.Rtn Gen (End 1983)	282.2	278.4	277.1	277.9	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	198.4	195.8	194.8	195.4	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	705.49	710.31	711.88	699.62	793.53 (26/8)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1080.86	1053.88	1038.11	1031.74	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	404.06	396.70	395.48	(c)	422.43 (26/4)	315.87 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1088.0	1114.0	1107.0	1143.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4319.0	4303.0	4263.0	4271.0	4319.0 (8/11)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	682.03	679.42	679.20	667.04	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	257.72	254.51	256.87	258.95	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1001.10	1006.00	1006.40	1014.90	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind (31/12/58)	756.6	750.8	752.3	751.4	769.2 (29/8)	590.4 (14/1)
SBC General (1/4/87)	623.5	614.7	613.3	609.1	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4439.49	4424.85	4430.59	4423.43	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	686.03	672.60	660.46	652.95	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	525.1*	524.9	524.4	525.2	529.2 (17/4)	439.1 (16/1)

**Saturday November 2: Taiwan Weighted Price: 4299.74 Korea Comp Ex. 684.72.
♦ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX − 1,000, JSE Gold − 255.7, JSE 26 Industrials − 264.3 and Australia All Ordinary and Mining − 500. (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Falling bond yields and IBM gains lift Dow

Wall Street

THE STOCK market ended a troubled week in positive form, with share prices rising modestly yesterday morning in the wake of another decline in bond yields and further gains for IBM, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 3.14 at 3,057.25. The more broadly based Standard & Poor's 500 was also slightly firmer at mid-session, up 0.74 at 394.46, while the Nasdaq composite of over-the-counter stocks rose to new highs, climbing 2.98 to 548.26. Turnover on the NYSE was 117m shares.

At the opening, stock investors were in the mood to shrug off the early-week concerns about the economy and the bond market, adding to Thursday's solid gains and sending the Dow near to its record high in the process.

The rise in Treasury prices at the long end yesterday pushed long-term yields down further, which gave an additional boost to share prices. The benchmark 30-year issue was up ⅛ at 102⅜, yielding 7.888 per cent.

For the second day running, good demand for IBM lifted the market. Shares in the bell-wether stock rose $1⅛ to $101⅛ in active trading, as investors continued to buy in response to the group's chairman's prediction that fourth quarter earnings would be the best of the year.

After a delayed opening, owing to a backlog of buy orders, Morgan Stanley rose $2¾ to $59¾. Analysts were puzzled by the gain, although they pointed out that the securities firm is expected to have a strong fourth quarter as several large corporate transactions boost its mergers and acquisitions fees.

The demand for Morgan Stanley spilled over into other securities house stocks, with PaineWebber up $1 at $39 and Salomon $¼ higher at $29¼. The exception, however, was Merrill Lynch, which fell $¼ to $55¼.

Several stocks were affected by the news that Magic Johnson, the famous basketball player, had contracted the Aids virus. Carter-Wallace, the biggest manufacturer of condoms in the US, jumped $5 to $109⅜ on speculation that publicity surrounding the story would increase sales of condoms. On the over-the-counter market, Immune Response rose $5 to $59 and Meddimune added $3¼ at $53⅜; both companies have developed vaccines against Aids.

Elsewhere on the secondary market, which was climbing to record highs, Apple climbed $1⅜ to $51⅛ after some Wall Street analysts said that they might increase their earnings estimates for the computer group in the wake of positive comments by Mr John Sculley, Apple chairman.

Synergen posted big gains for the second consecutive day, rising another $4 to $67¼ on turnover of 1.3m shares. The stock has been in demand after the company presented data on Thursday on its Antril drug, used in the treatment of sepsis.

Canada

TORONTO stocks surged in heavy midday trade, boosted by a strong bond market. Gains spread across almost every sector. The composite index rose 20.1 to 3,566.8. Advancing issues led declines by 304 to 165 on volume of 22.12m shares valued at C$255.7m.

Among most active issues, ISG Technologies eased C$¼ to C$8½, Granges Inc eased 2 cents to C$1.24, TransCanada Pipelines firmed C$⅛ to C$17⅞, Stelco class A rose C$¼ to C$7 and Northern Telecom gained C$¼ to C$48⅜.

Seagram continued to outperform the market. Its shares rose C$1¼ to C$131⅛, heading towards its 52-week high of C$134. The company issued C$200m in 15-year debentures.

SOUTH AFRICA

INDUSTRIALS rose to a record high, adding 16 to 4,319. But gold shares fell 26 to 1,088, *pulling the all-share index* down by 8 to 3,520. AVI added R2 to R120 while Vaal Reefs fell R6.50 to R190. De Beers firmed 50 cents to R96.50.

Maturity brings sobriety to one emerging market

More attention is being given to corporate fundamentals and politics, says Jacqueline Moore

ONE OF the tricks of *investing in emerging* stock markets is to find a market just before it grows up. For the investor who can beat other foreigners to the prize, rewards can be huge; share values can double or treble as other investors join the rush.

After a market has passed through adolescence, however, it tends to behave more responsibly, responding to mundane matters such as corporate fundamentals and political uncertainty. One example of this is Thailand, the star of 1989, which seems to have become weighed down by its own maturity in the past couple of years.

In 1989, Thailand leapt 85 per cent in dollar terms, according to figures from the Washington-based International Finance Corporation (IFC), part of the World Bank. Since then, the market has fallen 27 per cent in 1990 and a further 9 per cent this year.

Although Bangkok's local SET index has recouped some ground in recent weeks, the outlook is not trouble-free, says Mr David Bates of Asia Equity, the broker. "Thailand has hit bottom and crawled back up. It is seeing a technical rebound, but there are still concerns over the property market," he says.

"Enthusiasm could be dampened by the third quarter [corporate] reportings, which are happening now and are expected to be disappointing. And there's also the general election due next year and the introduction of VAT on January 1."

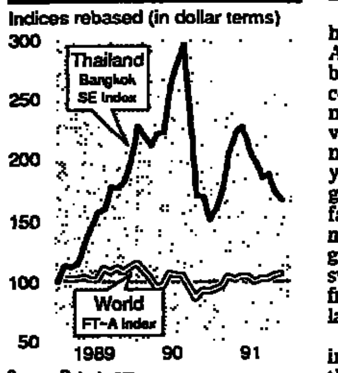
The fact that Bangkok is responding to normal market-moving events such as results and elections indicates maturity at one level. However, the Thais themselves seem less convinced by this more sober attitude to investment. As Mr Bates says: "The local investor still has the suicidal instinct to dive into the most speculative situations."

Another market which can make a convincing claim to maturity is Mexico although, in contrast to Thailand, it has achieved four successive years of growth. This year, Mexico *has risen 95 per cent in dollar* terms, according to the IFC, compared with a rise of 14 per cent in the world as a whole in dollar terms. This follows an advance of 25 per cent last year, compared with a loss of 19 per cent in the World Index; 67 per cent (+15 per cent) in 1989; and 98 per cent (+21 per cent) in 1988.

Investors are beginning to view Mexico as part of a North American bloc. It is currently negotiating a free trade agreement with the US and Canada, raising its profile with American fund managers.

"Four or five years ago no one would have looked at Mexico," says one broker specialising in Latin America. "Now it is seen as much less of a marginal market." Investors are looking for reasonably liquid stocks with accounting policies not far removed from US standards. Utilities are popular, as are cement companies in view of the growth in the country's infrastructure.

Indices rebased (in dollar terms)



Source: Datastream

Mexico's success has spilled over into the rest of Latin America. Of the six markets in the region covered by the IFC, even the worst performer, Venezuela, is up 29 per cent in dollar terms this year.

Mr Eduardo Faria, the manager of the Latin American Investment Trust, agrees that Mexico, and to some extent Chile, have blazed the trail for other markets in the region. "Mexico showed foreign investors the way to Latin America, and also showed other Latin American countries undertaking similar reforms how they should do it. Mexico acted as the model," he says.

Even in Mexico, investments carry more risk than in the developed markets. While Mexican companies are more open than in most parts of Latin America, they can produce some nasty earnings surprises, while political and economic shocks cannot be ruled out, says one specialist broker. However, the rewards are also greater: Mexico's 95 per cent gain in dollar terms this year compares with rises of 20 per cent in the US and 10 per cent in Canada.

While Mexico has given healthy returns to investors, Argentina has provided the biggest prize, rising 405 per cent in dollar terms. Argentinian equities had been undervalued after years of economic neglect, says Mr Faria. This year's rally has been built on good economic news, such as falling inflation, the government's privatisation programme and currency measures. The austral was made freely convertible with the dollar in April.

Argentina is now at a turning point, says Mr Faria. While the market has been undervalued, he says that it is difficult to judge what the value should be. Of the top 15 companies, only nine are making profits – although this is a big improvement on just one at the start of the year – which makes the calculation of price/earning ratios fairly meaningless.

Mr Faria suggests that a fair value can be judged only in comparison with similar markets. Mexico, he says, is currently on a multiple of 10 times prospective earnings, so Argentina could eventually achieve a similar p/e.

While Argentina exemplifies the gains that can be made from emerging market investment, such exaggerated rewards also heighten the risk. Greece, for example, was one of the most impressive bourses last year with a rise of 88 per cent in dollar terms. This year, however, it has suffered a reverse, falling 24 per cent.

EUROPE

Frankfurt and Paris end week on strong note

A NUMBER of senior bourses registered gains yesterday. The suspicion was that a little buying interest, following an overnight rise on Wall Street, had caught dealers short of stock, particularly in Germany, *writes Our Markets Staff.*

FT-SE Eurotrack 100 - Nov 8

Hourly changes

Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1095.87	1096.31	1098.32	1100.50	1101.07	1102.32	1103.02	1102.71

Day's High 1104.21 Day's Low 1095.70

Nov 7	Nov 6	Nov 5	Nov 4	Nov 1
1090.12	1089.50	1092.54	1088.07	1095.11

Base value 1000 (26/10/90)

FRANKFURT majored on banks and carmakers as volume climbed from DM3.9bn to DM6.8bn. The Bavarian banks posted good rises on their interest rate-sensitivity, as the Bundesbank's average bond yield shed another six basis points to 8.56 per cent. BMW led its sector higher after its pleasing 10-month sales figures earlier this week.

Bayernhypo, once again, was the outstanding performer in the banking sector, its DM14.80 rise to DM383.80 leaving it with a two-day gain of DM20.80, or 5.8 per cent. However, among the big three, Commerzbank showed up particularly well, with a DM7 rise to DM255. Mr Robert Law, of Shearson Lehman, said that the sector had underperformed the German market and that, within the sector, Commerzbank had underperformed.

BMW's DM19.70 rise to DM486.50 gave it a two-day gain of DM24. Daimler rose DM16.50 to DM698. With Siemens, too, particularly strong among the blue chips, the DAX index closed 27.82 higher at 1,606.22 after a 9.42 rise to 680.13 in the FAZ at midsession. Gains on the week were 2.1 and 1.7 per cent respectively.

PARIS was enlivened by speculation that an oil find at a Colombian field, in which Total has a 40 per cent stake, is larger than expected. Total jumped to a day's high of FFr1,062 before closing FFr50 or 5 per cent up at a record FFr1,027, in heavy volume of 773,275 shares.

The bourse finished near its day's high, as the CAC 40 index gained 19.98 or 1 per cent to 1,857.55, ending the week little changed. Turnover rose to about FFr2.7bn from FFr1.5bn.

One oil analyst said that comments by Triton of the US, which also has a stake in the field, were premature, but were likely to keep interest among US investors high. Although some consolidation in the shares was likely in the immediate term, he said, the US demand should keep the price moving ahead.

Elsewhere in the oil sector, Elf Aquitaine, which has been following Total higher, gained FFr4.60 to FFr416.10 in good volume of 414,900 shares.

Remy et Associés fell another FFr18 or 7.9 per cent to FFr210 in 180,625 shares. The shares lost FFr42 on Thursday on worries about the effect on earnings per share of the merger with Remy Cointreau.

ZURICH showed particular strength in the insurance sector, although banks were also a good market as the Crédit Suisse general index rose 8.6 to 502.5, 3.4 per cent higher on the week. The CS insurance index was 30.4 or 4 per cent higher on the day at 502.5.

Certificates in the insurers, Winterthur, Swiss Re and Zurich, topped the active list, the latter rising SFr95 to SFr1,970 on a good day for volume, after Thursday's rise to SFr637.6m from SFr507.7m.

MILAN closed lower in thin trading. The Comit index fell 2.2 to 509.86, down 1.1 per cent on the week, in turnover estimated at marginally less than Thursday's L71.3bn.

Fiat showed little reaction to the news that it planned to invest L40 trillion in the next 10 years and intended to launch 18 new models by the end of the decade. The stock closed L34 down at L4,810.

Generali lost a marginal L10 to L25,000 in spite of news that it had got approval from the European Community for its L1.75 trillion capital increase.

OSLO was overshadowed by the bank crisis and a record number of bankruptcies. The all-share index fell 4.05 to 457.77, in turnover of NKr215m. Norsk Hydro was one of the few risers, putting on NKr1 to NKr165.

The banking index fell 1.15 to 33.34 on worries that a crisis among salmon farmers could mean bigger lending losses.

STOCKHOLM closed the week on a weak note. The Affärsvärlden General index fell 4.9 to 1,001.1, a loss of 1.6 per cent on the week. Turnover rose to SKr350m from SKr310m.

Ericsson free B shares fell SKr3 to SKr143, the lowest level for the year, following a stiff downgrading from Merrill Lynch earlier this week. The company is due to announce nine-month results next week.

Astra A shares were steady at SKr565 ahead of its nine-month earnings report, due on Tuesday. James Capel is expecting a 42 per cent rise in pre-tax profits to SKr2.6bn.

AMSTERDAM was lifted by better-than-expected results from Unilever. The CBS General Tendency Index added 1.1 to 90.2, up 1 per cent on the week.

Unilever rose Fl 5.90 or 3.6 per cent to Fl 171.80 after saying that third quarter net profit surged 11 per cent to Fl 1.08bn. The results prompted several analysts to increase their full-year earnings.

MADRID rose on bargain-hunting. The general index gained 3.21 to 257.72 – for a loss of 2.3 per cent on the week – as turnover grew to about Pta17bn from Pta8bn.

ASIA PACIFIC

Nikkei rises on arbitrage-related activity

Tokyo

ARBITRAGE-related activity dictated prices in low volume yesterday, and the Nikkei average closed moderately higher, *writes Emiko Terazono in Tokyo.*

The index closed 39.73 better at 24,486.49, but was down 2.2 per cent on the week, after a high of 24,678.34 and a low of 24,389.11 during the day. The index moved up in the first few minutes of morning trading on index-linked buying by arbitrageurs but fell in the afternoon on profit-taking, reflecting the narrowing between cash and future index prices.

Volume remained unchanged at 250m shares. Declines outnumbered advances by 622 to 325 with 172 unchanged, the Topix index of all first section stocks fell 3.60 to 1,846.81 and, in London, the ISE/Nikkei 50 index slipped 2.38 to 1,391.74.

Many market participants had been hoping that the central bank would lower the official discount rate this week. "The market hates uncertainty," said Mr Peter Rawle at Smith New Court. He added that investors were also uncertain of the budget policy the newly appointed cabinet would adopt.

Speculative issues, active recently, fell on profit taking. Niigata Engineering, the most active issue of the day, fell Y29 to Y792 and Honshu Paper by Y20 to Y930.

NTT rose Y14,000 to Y831,000 on rumours that the government will try to boost the share price before the second tranche flotation expected next year. High-technology issues lost ground on light selling with many hitting lows for the year, Kyocera losing Y100 to Y4,640, and Sony Y30 to Y5,000.

Some analysts pointed out that Sony's weakness preceded the planned listing of Sony Music Entertainment on November 22. Mr Craig Chudler, at UBS Phillips & Drew, said that some investors, with whom Sony Music's stocks had been placed, were selling Sony shares maintain overall exposure to the Sony group.

The Tokyo Stock Exchange announced that arbitrage positions held against December futures contract as of November 1 stood at a record high of Y1,683.5bn, up Y97bn from the previous week. Traders said that with the settlement of December futures a month away, some market participants are worried that some arbitrageurs may unload long positions in the cash stocks.

In Osaka, the OSE average fell 159.63 to 26,548.88 in volume of 17.5m shares. Shimano, the bicycle parts maker, fell Y100 to Y2,600 on small-lot selling by investors who were discouraged by reports of a downward revision in earnings for the year to November 1991.

Roundup

FOREIGN BUYING lifted several Pacific Rim markets.

HONG KONG rose in heavy trading, as its record-setting rally continued for a fifth consecutive session. The Hang Seng index jumped 51.90 or 1.2 per cent to 4,236.64, for a 4.9 per cent on the week. Turnover swelled to HK2.6bn from HK$2.0bn on foreign buying.

SINGAPORE rose for the third day on foreign buying. The Straits Times Industrials Index closed up 26.12 to 1,474.52, up 4.1 per cent on the week. Turnover rose to S$234.9m from S$186.5m.

AUSTRALIA was boosted by local buying. The All Ordinaries index rose 12.8 to 1,696.3, up 0.7 per cent on the week. Turnover rose to A$344m from A$211m.

News Corp added 52 cents to A$16.02 after announcing a better-than-expected first fiscal quarter profit. Commonwealth Bank of Australia rose 7 cents to A$7.49 on hopes of a rise in profits.

NEW ZEALAND was held back by a weaker domestic bond market. The NZSE-40 Index closed 8.36 lower at 1,553.38, up 1.2 per cent on the week. Turnover rose to NZ$21.4m from NZ$16.3m. Bank of New Zealand dropped 6 cents to 69 cents on disappointing first half profits.

TAIWAN finished slightly higher after an early loss. The weighted index climbed 14.64 to 4,439.49, up 1.0 per cent on the week. But turnover fell to T$18.7bn from T$28.6bn.

SEOUL's composite index closed at 682.03, up 2.61, in turnover of Won293bn after Won229.6n. MANILA's composite index closed up 26.98 at 1,080.86, up 5.4 per cent on the week. PLDT rose 22.50 pesos to 727.50 pesos.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅞	96⅞	Treas. 8pc 1991	99⅞xd	.....	8.02	10.04
101½	100⅞	Treas 12¾pc 1992‡‡	100⅞	.....	12.69	9.84
100⅛	97⅞	Treas 10pc 1992	99⅞	.....	10.01	9.97
133⅞	125¼	Treas. 2pc IL 1992‡‡	133⅞	+⅛	1.98	7.93
99¼	95⅞	Treas. 8pc 1992 ‡‡	99⅛	.....	8.07	9.92
100⅞	98½	Treas 10½pc Cv 1992‡‡	100⅛	+⅛	10.47	9.91
97¼	91⅛	Treas. 3pc 1992	97¼xd	+⅛	3.08	7.89
102⅛	100⅞	Exch. 12¼pc '92	101¼	.....	12.04	9.80
104¼	102⅞	Exch 13½pc 1992	103	.....	13.11	9.68
98⅞	94	Treas 8¼pc 1993	98⅜	+⅛	8.39	9.54
100¾	97⅛	Treas 10pc 1993‡‡	100½	+⅛	9.95	9.55
104¾	102⅞	Treas 12½pc 1993‡‡	104¼	+⅛	11.99	9.62
95⅛	89⅝	Funding 6pc 1993‡‡	95⅛	+⅛	6.30	8.83
108⅛	105⅝	Treas 13¾pc 1993‡‡	107⅛xd	+⅛	12.81	9.66
97⅞	92⅞	Treas. 8½pc 1994	97⅞	+⅛	8.70	9.59
111⅝	108⅛	Treas 14½pc 1994‡‡	109¾	+⅛	13.21	9.65
109	105⅞	Exch 13½pc 1994	108⅛	+⅛	12.48	9.64
101⅛	96⅞	Treas. 10pc Ln. 1994‡‡	100⅞xd	+⅛	9.91	9.57
107¼	103⅝	Exch. 12½pc 1994	106⅝	+⅛	11.72	9.68
98⅞	93¼	Treas 9pc 1994‡‡	98⅞xd	+⅛	9.14	9.58
106⅞	102⅛	Treas 12pc 1995	106¼	+⅛	11.29	9.62
89	82¼	Exch 3pc Gas 90–95	89	.....	3.37	6.76
102⅛	96⅞	Exch. 10¼pc 1995	101⅞	+⅛	10.06	9.59
110⅞	105⅝	Treas 12¾pc 1995‡‡	109⅞xd	+⅛	11.60	9.69
114⅛	109⅞	Treas. 14pc '96	113⅝	+⅛	12.32	9.89
99¼	92⅞	Treas. 9pc 1992–96‡‡	99¼	+⅛	9.07	9.15
119⅞	115⅞	Treas 15¼pc 1996‡‡	119	+⅛	12.82	9.86
112⅞	108	Exch 13¼pc 1996‡‡	112⅛xd	+⅛	11.82	9.81
		Five to Fifteen Years				
101⅞	95⅞	Conversion 10pc 1996	101⅛xd	+⅛	9.86	9.61
101⅞	97⅛	Do. 10pc 1996 B	100⅞xd	.....	10.11	9.61
114⅞	108⅞	Treas 13¼pc 1997‡‡	113½	+⅛	11.67	9.81
103⅞	97¼	Exch 10½pc 1997	103¼	+⅛	10.17	9.63
96⅞	89⅞	Treas 8¾pc 1997‡‡	96⅛	+⅛	9.10	9.56
123⅛	117	Exch 15pc 1997	122⅛	+⅛	12.28	9.933
100⅞	93⅞	Exch. 9¾pc 1998	100⅛	+⅛	9.73	9.65
88⅞	80⅝	Treas 6¾pc 1995–98‡‡	88⅝	+⅛	7.62	9.08
128⅛	121¼	Treas. 15½pc '98‡‡	127⅝	+⅛	12.14	9.84
111⅞	104⅝	Exch. 12pc 1998	110⅞xd	+⅛	10.82	9.79
100⅞	92⅞	Treas 9½pc 1999‡‡	99⅞	+⅛	9.53	9.52
113⅝	105⅞	Exch. 12¼pc 1999	112⅝	+⅛	10.88	9.80
104⅞	97⅛	Treas. 10½pc 1999	104⅛xd	+⅛	10.08	9.68
103⅝	95⅞	Conversion 10¼pc 1999	102⅞xd	+⅛	9.96	9.71
97⅞	89⅝	Conversion 9pc 2000‡‡	96⅞	+⅛	9.29	9.53
118⅞	110½	Treas. 13pc 2000	117⅝	+⅛	11.05	9.88
103⅛	94⅛	Treas 10pc 2001	102	+⅛	9.80	9.62
119⅞	113⅛	Treas. 14pc '98–01	119⅛xd	+¼	11.76	9.93
101⅞	92⅞	Treas 9¾pc 2002	100¾	+½	9.68	9.61
104⅛	94⅞	Treas 10pc 2003	102⅛	+⅛	9.75	9.60

BRITISH FUNDS – Contd

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
111	102	Treas. 11½pc 2001–04	109⅞xd	+⅛	10.47	9.83
62⅝	53⅛	Funding 3½pc '99–04	61⅛	+½	5.72	8.56
100⅞	90⅞	Conversion 9½pc 2004	99¼	+⅞	9.58	9.60
60⅞	57⅞	Cv 9½pc 2004 A (£60pd)	59¼	+½	9.58	9.59
100⅞	90⅞	Conversion 9½pc 2005	99¼	+½	9.58	9.59
121⅛	111	Treas. 12½pc 2003–05	119⅞xd	+⅝	10.43	9.65
88⅞	79⅞	Treas. 8pc 2002–06‡‡	87⅞	+⅞	9.15	9.59
		Over Fifteen Years				
115⅞	105⅞	Treas. 11¾pc 2003–07	114⅛	+⅝	10.30	9.64
93⅛	84⅛	Treas 8½pc 2007 ‡‡	91¾	+½	9.26	9.51
129¼	118⅞	Treas. 13½pc '04–08	127¼	+⅞	10.61	9.65
98	88⅞	Treas. 9pc 2008 ‡‡	96⅛	+⅞	9.36	9.45
89⅛	80	Treas 8pc 2009	87½	+½	9.14	9.46
97⅞	88⅛	Conv 9pc Ln 2011 ‡‡	96	+⅞	9.38	9.45
98⅛	91⅞	Cnv. 9pc 2011 A	96⅛	+⅞	9.51	9.55
66	58⅞	Treas 5½pc 2008–12‡‡	64⅞	+½	8.50	9.41
85⅞	76⅞	Treas. 7¾pc 2012–15‡‡	83⅝	+½	9.24	9.48
125¼	113⅛	Exch. 12pc '13–'17	123⅛xd	+⅞	9.75	9.49
		Undated				
41¼	37⅞	Consols 4pc	40⅞	+⅛	9.77	–
37⅝	33⅛	War Loan 3½pc‡‡	36⅞xd	+⅛	9.54	–
60⅞	57¼	Conv. 3½pc '61 Aft.	60⅛	+⅛	5.83	–
30⅞	28¼	Treas. 3pc '66 Aft.	30⅛xd	+⅛	9.94	–
26⅛	23⅝	Consols 2½pc	25⅞xd	+⅛	9.73	–
26⅛	23⅞	Treas. 2½pc	25⅞	+⅛	9.83	–

Index-Linked

1991 High	Low	Stock	(b)	Price £	+ or –	(1)	(2)
123⅛	115⅛	Treas. 2pc '94	(102.9)	123⅛xd	+⅛	2.57	3.57
177⅞	168⅞	Do. 2pc '96	(67.9)	177⅛	+⅛	3.38	3.90
145⅛	137⅞	Do 2½pc '01	(78.3)	145	+⅛	3.87	4.17
140⅞	133	Do. 2½pc '03	(78.8)	140⅝xd	–⅛	3.97	4.22
143	135	Do. 2pc '06	(69.5)	142⅝	–⅛	4.05	4.25
130⅞	124⅛	Do. 2½pc '09	(78.8)	130⅛xd	–⅛	4.08	4.26
135	128⅛	Do. 2½pc '11	(74.6)	134⅞	–⅛	4.09	4.26
111⅛	105⅞	Do. 2½pc '13	(89.2)	110⅞	–⅛	4.10	4.25
118¼	113⅞	Do. 2½pc '16	(81.6)	117⅞	–⅛	4.09	4.24
113⅞	109½	Do. 2½pc '20	(83.0)	113⅛xd	–⅛	4.10	4.23
95¼	91⅛	Do. 2½pc '24‡‡	(97.7)	93⅞	–⅛	4.09	4.21

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1991: 130.9 and for September1991: 134.6.

INT. BANK AND O'SEAS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
107⅞	95⅞	African Dv Bk 11¼ Ln 2010	105⅞	+½	10.51	10.38
102⅝	91⅞	Asian Dev Bk 10¼pc Ln2009	100⅞	+⅛	10.16	10.14
116⅛	105⅞	Int-Am Dev Bk 12½pc 2003	114⅞	+⅞	10.89	10.22
97⅞	86⅞	Do. 9¾pc Ln 2015	95⅞	+⅞	10.16	10.20
125	101	Utd. Mexican States 16½pc 2008	124½	.....	13.25	12.89

CORPORATION LOANS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
104½	100½	Birmingham 11½pc 2012	104¼	+¼	11.03	10.95
98⅞	93½	GLC 6¾pc 1990–92	98⅞	.....	6.82	9.90
119½	110½	Leeds 13½pc 2006	117¾	+¼	11.46	11.02
31	28	Liverpool 3½pc Irred.	30½	.....	11.48	–
27½	27½	LCC 3pc '20 Aft.	27½	[illegible]	–	–
105½	97½	Manchester 11½pc 2007	103¼	–¼	11.08	11.00

COMMONWEALTH & AFRICAN LOANS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
97½	84½	Sth Rhod. 87–92 Assd.	97½	.....	4.62	–

LOANS

Building Societies

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
106	102	N'wide Anglia 3¾pc Ln 2021	106	.....	–	5.39
107¼	104	Do. 4.25pcIL '24	107¼	.....	–	5.06

Public Board and Ind.

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
53	52	Met. Wtr. 3pc 'B'	52½	.....	5.71	10.02

FOREIGN BONDS & RAILS

1991 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	58	.....	3.50	f7.00
50	50	Do. 6pc 28 Stb. Ass.	58	.....	3	f6.00
50	50	Do 4pc Mixed Ass	58	.....	2	f4.00
55	55	Hung. '24 Ass.	55	.....	2.75	f3.57
133⅞	120⅞	Hydro Quebec 15pc 2011	131⅝	+½	15.0	11.02

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 7 1991								WEDNESDAY NOVEMBER 6 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	159.11	+0.3	132.52	130.45	134.75	134.90	+0.2	4.52	158.69	132.81	130.25	135.39	134.62	159.91	112.74	124.33
Austria (20)	165.11	+0.3	137.52	135.37	139.83	140.30	+0.2	2.03	164.66	137.81	135.16	140.49	140.04	222.37	153.86	198.18
Belgium (47)	133.63	+0.1	111.31	109.55	113.17	110.89	−0.2	5.34	133.48	111.71	109.55	113.88	111.10	151.20	118.04	137.92
Canada (115)	142.84	+0.4	118.98	117.10	120.97	116.00	+0.2	3.21	142.28	119.08	116.78	121.38	115.80	142.84	126.49	122.49
Denmark (37)	261.65	+0.1	217.94	214.52	221.60	225.80	−0.1	1.57	261.31	218.69	214.49	222.94	226.04	270.56	217.74	254.26
Finland (15)	88.11	+0.5	73.39	72.24	74.62	73.63	+0.4	3.31	87.64	73.35	71.94	74.77	73.30	125.15	83.69	103.44
France (109)	144.87	+0.8	120.66	118.76	122.68	126.63	+0.2	3.50	143.74	120.30	117.98	122.62	126.44	152.26	119.11	136.81
Germany (65)	110.49	+0.7	92.03	90.59	93.57	93.57	+0.0	2.42	109.70	91.81	90.05	93.59	93.59	125.36	94.15	110.92
Hong Kong (55)	172.97	+0.4	144.07	141.81	146.50	172.37	+0.4	4.30	172.24	144.15	141.37	146.95	171.71	172.97	119.62	118.94
Ireland (18)	160.88	+0.5	134.00	131.90	136.25	138.73	+0.3	3.61	160.14	134.02	131.44	136.62	138.34	182.46	132.89	152.31
Italy (77)	70.19	−0.3	58.46	57.54	59.44	64.20	−0.7	3.61	70.43	58.95	57.81	60.09	64.67	88.23	64.76	81.87
Japan (474)	140.55	−0.8	117.06	115.23	119.05	115.23	−0.9	0.74	141.64	118.54	116.26	120.85	116.26	146.97	118.23	125.82
Malaysia (68)	203.69	+0.1	169.65	166.99	172.50	215.06	+0.2	2.87	203.51	170.32	167.04	173.62	214.60	247.78	189.18	195.21
Mexico (17)	1350.05	+0.3	1124.48	1106.85	1143.38	4429.71	+0.3	1.18	1345.81	1126.33	1104.65	1148.18	4415.79	1350.05	534.45	546.69
Netherland (31)	145.23	+1.1	120.96	119.06	123.00	121.76	+0.5	4.43	143.60	120.18	117.86	122.51	121.15	145.73	125.70	131.83
New Zealand (14)	49.70	−0.6	41.40	40.75	42.10	47.30	−0.1	6.02	50.01	41.86	41.05	42.67	47.32	54.64	41.18	48.81
Norway (30)	191.12	−0.1	159.19	156.70	161.87	166.35	−0.3	1.55	191.39	160.18	157.10	163.29	166.91	223.24	178.58	229.89
Singapore (38)	207.32	+0.9	172.68	169.97	175.68	160.27	+0.8	2.18	205.42	171.92	168.61	175.25	158.99	208.25	151.63	152.60
South Africa (61)	264.65	+1.8	220.43	216.97	224.13	177.73	+1.3	2.75	259.93	217.54	213.34	221.75	175.36	264.65	173.00	166.24
Spain (53)	151.29	−0.7	126.02	124.04	128.13	118.06	−0.8	4.64	152.40	127.54	125.09	130.02	119.03	171.12	131.51	144.87
Sweden (25)	184.71	−0.9	153.85	151.44	156.44	163.25	−1.2	2.73	186.38	155.98	152.98	159.01	165.27	204.12	146.60	164.31
Switzerland (59)	97.14	+1.0	80.91	79.64	82.28	86.66	+0.3	2.23	96.15	80.47	78.92	82.04	86.40	100.67	82.17	90.95
United Kingdom (240)	181.41	+0.6	151.10	148.71	153.62	151.10	+0.1	4.92	180.30	150.90	147.98	153.81	150.90	187.44	156.27	160.38
USA (526)	159.97	+0.9	133.24	131.16	135.49	159.97	+0.9	3.03	158.47	132.62	130.08	135.20	158.47	161.02	125.95	124.04
Europe (826)	142.59	+0.5	118.77	116.91	120.77	120.54	+0.0	3.99	141.82	118.69	116.41	121.00	120.51	151.52	125.50	134.16
Nordic (107)	185.42	−0.3	154.44	152.02	157.03	155.67	−0.6	2.07	185.97	155.64	152.65	158.66	156.55	200.81	155.55	179.25
Pacific Basin (718)	141.53	−0.7	117.89	116.04	119.87	117.11	−0.8	1.07	142.48	119.24	116.95	121.56	118.02	145.92	117.86	125.24
Euro – Pacific (1544)	142.30	−0.2	118.53	116.66	120.51	119.31	−0.5	2.23	142.57	119.32	117.01	121.63	119.86	147.66	121.29	129.21
North America (641)	158.63	+0.9	132.29	130.23	134.54	157.00	+0.9	3.04	157.38	131.72	129.20	134.30	155.59	159.68	125.91	123.86
Europe Ex. UK (586)	119.56	+0.5	99.60	98.06	101.30	103.01	−0.1	3.28	119.00	99.59	97.70	101.55	103.07	129.80	103.58	117.77
Pacific Ex. Japan (244)	151.21	+0.3	125.95	123.99	128.08	134.12	+0.3	4.14	150.74	126.16	123.75	128.62	133.71	151.21	111.40	117.68
World Ex. US (1737)	144.37	−0.1	120.24	118.37	122.27	120.86	−0.4	2.27	144.54	120.97	118.65	123.32	121.34	148.16	122.32	129.59
World Ex. UK (2023)	145.41	+0.2	121.12	119.23	123.17	131.27	+0.1	2.27	145.09	121.43	119.10	123.80	131.16	146.07	120.06	123.37
World Ex. So. Af. (2202)	147.78	+0.2	123.09	121.17	125.17	132.78	+0.1	2.54	147.42	123.38	121.01	125.78	132.68	148.86	122.92	126.41
World Ex Japan (1789)	154.21	+0.8	128.44	126.44	130.62	142.95	+0.6	3.41	153.04	128.08	125.63	130.58	142.15	154.21	126.69	128.34
The World Index (2263)	148.55	+0.3	123.73	121.80	125.82	133.17	+0.1	2.54	148.16	124.00	121.62	126.41	133.05	149.10	123.28	126.65

Latest prices were unavailable for this edition.

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AMERICANS

1991 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
34½	20¾	Abbott Laboratories§	33⅞xd	-⅛	$1.00	-	1.7
385p	218p	♥Allegheny & W 1c	234p	+16	30c	-	7.2
10⅛	667p	Amdahl 5c	909pxd	-6	10c	-	0.6
42⅛	25⅛	Amer. Cyanamid $5	35⅛	-⅛	$1.50	-	2.4
17¾	9⅞	Amer. Express 60c	10⅛xd	....	$1.00	-	5.5
24½	15¼	American T. & T. $1	21¾xd	+¼	$1.32	-	3.4
38¾	32½	Ameritech $1	35½	+⅛	$3.40	-	5.4
26⅜	12⅞	BankAmerica $1⅝	22¼xd	+⅜	$1.20	-	3.0
38⅞	20⅞	Bankers N.Y. $1	36¼xd	+1¼	$1.52	-	7.4
30½	24¼	Bell Atlantic $1	26⅞xd	+½	$2.52	-	5.4
31¼	25	BellSouth Corp	28⅛	+¼	$2.76	-	5.5
11¼	6⅞	♥Bethlehem Steel $8	8¼xd	-⅜	40c	-	2.7
1839p	1046p	Bowater Inc.	1242p	+32	$1.20	-	5.4
54⅝	37⅞	CPC Intnl. 25c	46¾xd	+⅛	$2.00	-	2.4
930p	420p	California Engy	852p	+18	-	-	-
50	28¼	Campbell Soup 15c	44¼xd	-¼	$1.16	-	1.5
12⅛	5⅞	Chase Manhattan $12½	10⅞xd	+⅜	$1.20	-	6.6
9⅞	5½	Chrysler $6¼	7⅛xd	+¼	60c	-	4.7
10⅛	5⅞	Citicorp $1	6⅛xd	+⅛	-	-	-
26⅝	21⅞	Colgate-Palmolive $1	23⅞xd	+⅜	$1.06	-	2.5
928p	438p	Cont'l Bank Corp $4	582p	+33	60c	-	5.8
21⅝	13⅞	Dana Corp. $1	14¼xd	....	$1.60	-	6.1
1262p	203p	Data General	965p	+8	-	-	-
25⅝	12¾	Dial Crop $1.5	25¼xd	+⅛	$1.40	-	3.1
29⅜	20¼	Dun & Bradstreet $1	28⅛	+⅜	$2.16	-	4.3
40	24¼	Eaton Corpn. 50c	33½	....	$2.20	-	3.7
8½	5½	Echlin Inc.	6⅞xd	....	70c	-	5.7
20¼	14⅞	FPL Group 1c.	19¼xd	+¼	$2.40	-	6.8
30⅞	17⅞	Fluor Corp 62½pc.	24¾xd	+⅜	32c	-	0.7
23¼	13½	Ford Motor $1	14⅞xd	....	$1.60	-	3.8
46⅞	28⅞	Gen. Elect. 63c	38¼xd	+⅞	$2.04	-	3.0
566p	270p	♥General Host Corp $1	397p	+3	34c	-	5.1
45¼	20¾	Gillette $1	24⅝xd	+⅜	62c	-	1.4
20¾	794p	Hasbro Inc 50c	20	+⅛	24c	-	0.7
38½	21¼	Honeywell $1½	32¾xd	+⅞	$1.50	-	2.6
23¼	17¾	Houston Inds.§	22⅞	+⅞	$2.96	-	7.2
72⅞	54⅞	IBM Corpn $1¼	56⅞xd	+2¼	$4.84	-	4.8
32½	18⅞	Ingersoll-Rand $2	29⅞xd	+⅛	$1.32	-	2.5
28¼	16¼	Lockheed Crpn. $1	25⅝xd	+⅛	$2.00	-	4.4
2155p	1245p	Lowe's 50c	1533p	+27	56c	-	2.1
18⅞	9½	Manuf. Hanover $1	16xd	+¼	♦$3.28	-	11.5
30⅞	10⅞	Merrill Lynch $1	30⅞xd	....	$1.00	-	1.8
38¼	21⅞	Morgan (JP) $2½	36¼xd	+⅞	$1.98	-	3.1
44⅛	25⅞	Morris (Philip)	39⅛xd	+⅞	$2.10	-	3.0
46¼	39	NYNEX $1	44¾	+⅞	$4.56	-	5.7
89p	15p	♥Pac. Agricultural	23½p	....	-	-	-
23⅞	11¾	Pall Corp. 25c	21	+⅛	$44c	-	1.2
46¼	33¼	Pennzoil 83 1/3c	35¼xd	-⅜	$3.00	-	4.8
40½	24¾	Quaker Oats $5	36xd	-⅜	$1.72	-	2.7
27⅞	16½	Rep NY Corpn $5	24⅛	+¼	$1.00	-	2.3
17⅝	12¼	Rockwell Intl. $1	15¼xd	+⅛	86c	-	3.4
25⅝	12⅞	Sears, Roebuck 75c	21⅞xd	+⅞	$2.00	-	5.2
34½	25⅝	Southwestern Bell $1	34⅛xd	+¼	$2.84	-	4.6
20¼	14⅞	Sun Co. Inc. $1	15⅞xd	-⅜	$1.80	-	6.5
27⅛	20⅞	Tenneco $5	28⅝xd	-⅛	$1.60	-	4.4
40½	29⅞	Texaco $6.25	36⅛xd	+⅛	$3.20	-	4.9
26¼	15⅞	Texas Instr. $1	17⅞xd	+⅞	72c	-	2.3
♦64½	37¾	Time Warner $1	58⅝xd	+1⅞	$1.00	-	1.1
16¼	8¾	TRINOVA Corp.	11⅝xd	+⅞	68c	-	3.3
555p	250p	♥Unilab	555p	....	-	-	-
29⅜	22⅜	Utd. Technologies	27⅝xd	....	$1.80	-	3.7
92p	42p	♥Utilitech Inc	82p	....	-	-	-
23	18¼	US West§	20⅞	+⅞	$2.08	-	5.7
162p	87¾p	Varity Corp§	114p	....	$1.30	-	-
24⅞	16⅝	Waste Management $1	20⅞xd	+¼	44c	-	1.2
2346p	1053p	Whirlpool $1	2094p	+110	$1.10	-	3.0
20⅞	13½	♥Woolworth $3½	14⅞	+⅞	$1.08	-	4.1

CANADIANS

11p	2p	♥Abbot Energy Corp	2p	....	-	-	-
1477p	953p	♥Amer. Barrick Res.	1378p	+18	8c	-	0.3
19⅝	13	Bk. Montreal §	19½	+⅛	$2.12	-	5.5
1024p	536p	Bk. Nova Scot.§	1024pxd	+33	$1.00	-	5.0
839p	639p	♥BC Gas $1	835p	+8	60c	-	3.7
24	17¼	BCE §	23¼	+⅛	$2.56	-	5.5
10½	647p	♥Brascan§	948p	-5	$1.04	-	5.6
36p	9p	♥Breakwater Res.	11p	-½	10c	-	-
1725p	1180p	Can Imp Bank §	1637p	+44	$1.32	-	4.1
11	855p	Can. Pacific §	986p	+2	64c	-	3.3
36	30	Do. 4pc Deb £100	35	....	04%	-	11.4
335p	45½p	♥Central Cap 'A' §	68p	+3	60c	-	-
483p	246p	♥Dorian Inds §	360p	....	28c	-	4.0
628p	370p	♥Echo Bay Mines	436p	+10	7.5c	-	1.0
191p	15p	♥ECO Corp §	15p	-5	-	-	-
89p	55p	Granges Explr.§	64p	+2	-	-	-
520p	357p	♥Gulf Canada§	366p	+9	40c	-	5.6
14½	10	♥Hawker Sid Can§	12⅝	+¼	$1.08	-	4.4
2013p	876p	♥Hudson's Bay §	1592p	-1	♦80c	-	2.6
29¼	24⅞	♥Imperial Oil§	25¼	+⅛	$1.80	-	3.6
23⅛	12⅞	Inco§	18⅞	+⅞	$1.00	-	2.7
552p	316p	♥Intl. Corona Corp	360p	....	020c	-	2.8
4¾p	2p	♥Muscocho Expln	2½p	+¼	-	-	-
484p	350p	Nova Corp of Alberta	396pxd	+2	24c	-	3.1
1091p	745p	♥Rio Algom	797p	+1	80c	-	5.1
1450p	1022p	Royal Bk. Can. §	1415p	+29	$1.16	-	4.2
250p	192p	♥TVX Gold Inc.	192p	-1	-	-	-
15p	3p	♥Taro Pure Tech. Corp§	5½p	-½	-	-	-
1048p	736p	Toronto-Dom. Bk§	973p	+20	76c	-	4.0
979p	719p	♥Trans Can Pipe	891p	+7	72c	-	4.1

BANKS, HP & LEASING

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
£12½	£9⅞	ABN Amro Fl5.	£12⅛	+¼	Q58%	♦	7.0	♦
192	121	ANZ $A1	192	+6	‡Q38c	1.9	‡	6.1
311	211	Abbey National 10p	279	+2	†9.5	3.2	4.5	9.1
183	126	Allied Irish Ord.	168	-1	♦Q37%	1.9	5.8	12.3
65	47	Anglo Irish	48	-2	Q18.6%	2.3	8.7	6.3
60	23	Ansbacher (H.) 1p	36	....	1.5	-	5.6	-
£54¾	£38⅞	Bancaire Cie Fr100	£51⅛	....	♦Q13.6%	-	2.7	-
£18⅝	£12½	Banco Bilbao Viz.	£15¼	....	Q49.1%	2.7	5.4	6.9
[illegible]								

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

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LEISURE – Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUSTS

INVESTMENT TRUSTS – Contd

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

FINANCE, LAND, ETC – Contd

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

MINES – Contd

Australians

Tins

Miscellaneous

34	18	Glencar Exploration...γ	18	.....	–	–
26	15	Greenwich Res 5p ...α	17	.....	–	–
£6¼	£3⅝	Hemlo Gold Mines	£5	.....	Q20c	– 2.2
£11¼	£7⅜	Homestake Mining $1 ..	£8½xd	.....	Q20c	– 1.3
61	30	Ivernia West ....γ	51	.....	–	–
46	33	Kells Mins Ir5p ....γ	42	.....	–	–
25	6½	Kenmare Ir5p ....γ	7¼	+½	–	–
18	15	Navan Resources ....γ	16	.....	–	–
99	52	Northgate Expl C$1	52	–8	–	–
16	5	North West Expl	5	.....	–	–
188	82	Oryx Gold Hldgs.	117	+1	–	–
23	10	Ovoca Gold IR 2p. ....γ	11	.....	–	–
44	17	Plateau Mining 20p....β	18	.....	–	–
605	404	RTZ 10p ....α	550	–3	19.5	1.7 4.7
11	3¼	Tiorco Res. Inc	7½	–½	–	–
10	2	Vizcaya Hldgs 5p .....β	2½	.....	–	–
152	31	Wstrn & Pac Res	48	+½	–	–
133	111	Young Group 10p.....β	111	.....	5.2	1.8 6.2

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1...β	635	.....
Finlay Pkg. 5p. ...α	45	.....
Holt (Jos) 25p ...β	2835	+15

IRISH

Cap. 8½% Ln 2010 ...	£95½	+¼
9pc Cap Ln. 1996.	£98½	.....
Fin. 13% 97/02...	£114	.....
Arnotts ...	188	–5
Helton Hldgs ...γ	33	.....
IRG ...	123½xd	.....
United Drug.......	170	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	58
Amstrad	6
Asec (BSR)	5
BAT	53
BOC Grp	48
BTR	33
Barclays	34
Blue Circle	20
Boots	33
Bowaters	55
Brit Aerospace	35
British Steel	10
Brit. Telecom	33
Cadburys	35
Charter Cons	42
Comm Union	40
Courtaulds	38
Eurotunnel	50
FKI	5
FNFC	10
Forte	21
Gen Accident	43
GEC	16
Glaxo	110
Grand Met	67
Guardian	14
GKN	28
Hanson	17
Hawker Sidd.	55
ICI	95
Ladbroke	21
Legal & Gen.	33
Lex Service	16
Lloyds Bank	30
Lucas Inds	12
Marks & Spencer	21
Midland Bk	20
Nat West Bk	26
P & O Dfd	41
Racal Elect	6
RHM	23
Rank Org Ord	55
Ratners	12
Reed Intnl.	35
Sears	6½
SmKl. Beecham A	53
TI	39
TSB	11
Tesco	21
Thorn EMI	65
T&N	14
Unilever	60
Vickers	16
Wellcome	60

Property	
Brit Land	27
Control Secs.	2
Land Securities	41
MEPC	42
Mountleigh	4

Oils	
Aviva Petlm	3
Brit Petroleum	26
Burmah Castrol	47
Conroy Petlm	8
Gaelic Res	1
Premier	4
Shell	40
Tuskar Res	1
Ultramar	20

Mines	
Lonrho	20
RTZ	46

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FINANCIAL TIMES
Weekend November 9/November 10 1991

Nato fails to agree future defence framework

By Robert Mauthner and Lionel Barber in Rome

NATO leaders failed to agree the future relationship between the alliance and proposed European defence institutions yesterday at the end of their two-day summit in Rome.

The leaders subscribed to a declaration on peace and co-operation which underlined the consensus they had reached on the development of a European defence identity, compatible with Nato's responsibilities for the defence of the continent.

But, in spite of protests by US president George Bush and Mr John Major, the British prime minister, that there was no disagreement over Nato's *central role in Europe's* defence, it was clear that France's support for this view was less than wholehearted.

Mr Bush declared that the Nato alliance was the guarantor of security and stability in Europe and could not be replaced, even in the long term.

However, Mr François Mitterrand, the French president, quipped during the meeting that Nato must not be considered "a holy alliance" and succeeded in keeping a phrase that would have referred to Nato's "primacy" out of the final declaration.

France also abstained from a declaration, approved by all other member states, on the Soviet Union, because it felt that Nato was laying down the law on how the Soviet republics should behave.

The French voted against two paragraphs stating that the allies were convinced political change should be accompanied by economic liberty and the construction of market economies, and that individual republics should shoulder an appropriate share of the Soviet Union's international responsibilities.

This, Mr Mitterrand maintained, was tantamount to "preaching" and represented undue interference in the internal affairs of states.

Mr Major, who referred to the summit as having been "extremely successful", went out of his way to underline the *meeting's achievements.*

The leaders had agreed that Nato should remain the essential forum for consultations on the allies' defence commitments, that there should be no duplication of Nato's military structures for the defence of Europe and that the nine-nation Western European Union should be reinforced as the alliance's European tiller.

"There is a general agreement that the WEU should be built up as the European arm of Nato," Mr Major said. "We see the WEU as having an organic relationship with both Nato and the EC. But we do not see it as subordinate to the European Council, or taking orders from it. We will not accept this."

It is this very organic relationship which is at the root of the disagreement on the new European defence identity between Britain, on the one hand, and France and Germany on the other.

Unlike Britain, the French *and Germans want the WEU to* be integrated progressively into the European Union.

£200m deal brings Cayzer family back among shareholders

Buy-out at Bristow helicopters

By James Buxton, Scottish Correspondent

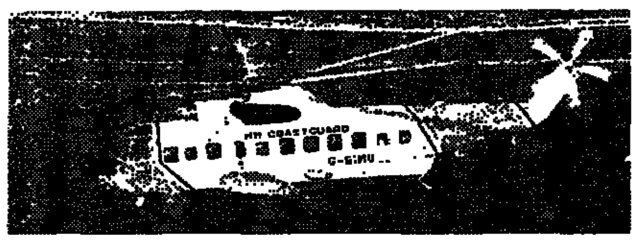
BRISTOW Helicopter Group, the UK-based helicopter operator, has been sold in a £200m management buy-out which brings the Cayzer family back among its shareholders.

Bristow, founded in 1954 by Mr Alan Bristow, was sold by Rochfield, a company owned by Swedish investors. Rochfield bought it in 1990 as part of Bricom, a former subsidiary of British & Commonwealth Holdings, the financial services group which failed last year.

The management buy-out, almost twice as large as any other in Britain so far this year, leaves Caledonia Investments and Morgan Grenfell Development Capital each owning 45 per cent of the £70m equity of Bristow.

Caledonia Investments is the investment holding company 27 per cent owned by the Cayzer family. Through B&C, founded by the Cayzers in the 1950s, it bought 51 per cent of *Bristow in 1968 and gradually* increased that stake, reaching 100 per cent in 1985 when Mr Bristow retired. Caledonia sold most of its shares in B&C in 1987. In 1988, B&C sold Bristow along with other commercial activities to Bricom, itself a management buy-out.

"We're delighted to be involved with Bristow once again," said Mr Peter Buckley, *chief executive of Caledonia.* "If we had stayed in charge of B&C, we would never have got rid of it in the first place."



Mr Bryan Collins, chief executive of Bristow since 1985, said: "You could say we've brought old money and new money together," referring to the "old money" of the Cayzers *and the "new money" of Mor*gan Grenfell Development Capital, established in 1989.

Under the deal Rochfield is receiving £155m for Bristow, with the rest of the £200m going to working capital and funds for expansion. Caledonia is investing £33.5m in equity and guaranteeing a £10m loan note issued by the company. Morgan Grenfell is investing *through its MBO fund Morgan* Grenfell Capital Partners.

Mr Collins and about 15 other senior executives of Bristow are putting in about £1m, and some £1.2m worth of shares will shortly be offered to most of the company's 2,000 staff. This will leave Bristow employees holding 10 per cent *of the equity with the possibil*ity of going up to 16.5 per cent if performance targets are met.

The debt component of the funding, amounting to more than £100m, has been arranged by NatWest Acquisition Finance Unit and underwritten by National Westminster Bank and Bank of Scotland.

Mr Robert Smith, chairman of Morgan Grenfell Development Capital, said: "We're *not* in this for the short term. We will be in this for five to seven years at least."

Bristow operates more than 200 helicopters and 40 fixed wing aircraft, with its main operating base being Aberdeen. Seventy per cent of its worldwide operations are in the oil industry and last year it made a pre-tax profit of £24.7m.

Mr Bristow, now 68, was prominent during the Westland affair in the winter of 1985-86, when he claimed two unnamed Conservative peers had offered him a knighthood if he would abandon his support of the European consortium which opposed Sikorsky's bid for a stake in the UK helicopter company.

Mr Bristow, who now devotes his time to a rapid transit system he developed, keeps in touch with his old company. "He and I go shooting together," says Mr Collins.

EC puts sanctions on Yugoslavia

By Robert Mauthner in Rome and **Laura Silber** in Belgrade

THE European Community imposed immediate economic sanctions against Yugoslavia yesterday because of the repeated failure of its warring factions to respect ceasefire commitments.

The decision, suspending EC trade relations with Yugoslavia and proposing that the United Nations Security Council should impose an oil embargo, was taken at an extraordinary meeting of the Twelve in the margin of the Nato summit in Rome.

It was denounced by Mr *Petar Skundric, general secre*tary of Serbia's ruling Socialist party, who said the sanctions showed the Twelve's inability to solve the Yugoslav crisis through diplomacy.

"The EC sanctions violate legal norms . . . it is unscrupulous of western Europe to carry out threats of poverty and hunger for those in Yugoslavia who are forced to fight a defensive war for political, economic . . . and even biological survival," he said.

Earlier in the day, the federal air force warned that "a certain number of rockets are on launch ramps and ready for action on selected targets". It said it had mined fuel supplies and stored missiles to prevent Croatian forces seizing them.

Mr Hans van den Broek, Dutch chairman of the EC Council of Ministers, said the Community had decided to *take the following measures:*

● Immediate suspension of the Community's 1980 trade and co-operation agreement with Yugoslavia.

● Restoration of the EC's quantitative import limits on Yugoslav textiles, and the removal of Yugoslavia from the list of beneficiaries of the General System of Preferences.

● Formal suspension of benefits under the EC-administered "Phare" food and economic assistance programme.

Economy 'faces collapse by Christmas'................*Page 2*

Yugoslavia has not been invited to attend the next Group of 24 industrial nations' ministerial meeting on November 11. The EC has also asked those Community member states in the UN Security Council – Britain, France and *Belgium – to urge the Council* to impose an embargo on oil exports and to strengthen the existing arms embargo.

The EC decided that "positive compensatory measures" will be applied in favour of "parties which do co-operate in a peaceful way towards a comprehensive political solution on the basis of the EC proposals". These might apply to the *republics of Bosnia and Mac*edonia, but clearly neither Serbia nor Croatia would be eligible at present.

Community members whose economies are seriously affected by sanctions are to benefit from "corrective measures" to be taken by their EC partners. This undertaking was made to satisfy Greece, which originally opposed sanctions because of the potential effect on its exports.

The statement, issued by the *Twelve after their meeting,* also said that recognition of the independence of those republics aspiring to it, such as Croatia and Slovenia, could be envisaged only within the framework of an overall peace settlement that included guarantees for the rights of national or ethnic groups.

Final journey: Ghislaine Maxwell (right) watches the arrival of her father's body at Jerusalem airport yesterday

THE LEX COLUMN

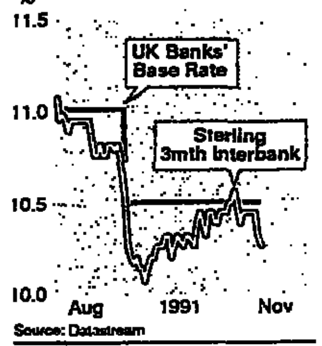
The lure of the rate cut

There must be some life in the UK equity market if it can put on 21 points despite a trio of Tory by-election defeats. But other things were afoot yesterday: in particular, a drop in UK money market rates to 10.25 per cent on reports that the Bundesbank is not going to raise German rates after all. There may be room for scepticism on the latter. However, the fact that sterling held up *yesterday might suggest that* the way is open to a further half-point cut in base rates. The political atmosphere after the by-elections might make an immediate move a little risky. But given that next Friday's inflation figure will probably show the headline rate at its lowest point, there will be an obvious temptation to cut mortgage rates in time for Christmas.

That apart, the equity market has a gloomy look to it. There was actually a fair amount of good news at the tail end of the week: the success of the Asda rights issue, good figures from Unilever and extra cash from BTR in its bid for Hawker Siddeley. But with the FT-SE down 5 per cent *from its all-time high of two* months ago, the market is evidently making heavy weather of Tory mishaps and the depression of the corporate sector. Since the end of the Gulf-inspired first quarter, the total return on equities has just about matched that on cash. Base rate cut or no, that might be tough to sustain.

FT-SE Index: 2,559 (+21)

UK interest rates



Source: Datastream

NHL

It may seem surprising that National Home Loans' shares have fallen 92 per cent from their peak of 156p in March. It is more surprising that they ever got there . Newcomers to the mortgage market were always vulnerable to the lure of high-growth, high-risk business. *NHL may now blame the* housing market, but it has done manifestly worse than less foolhardy lenders who resisted the temptation to lend 100 per cent of a property's value to clients certifying their own creditworthiness.

There is scant chance of NHL being rescued by a revival of the market; whatever happens, house prices are unlikely to recover this side of the election. NHL's £88m provision will certainly prove insufficient *if they continue to fall.* And by a kind of vicious circle, it risks compounding the troubles of the housing market by undermining consumer confidence in better quality lenders as well.

At 12p, the shares look superficially cheap compared with net assets of 57p. But the latter figure could slip as repossessions rise. The ideal solution would be a merger, but NHL is scarcely an attractive proposition. The management is confident about liquidity following the July lifeboat, but its studied silence on future strategy suggests that arm-twisting may be necessary *to find a partner. The degree of* pressure will be an indication of how far the authorities are worried about contagion.

UK buy-outs

It never does to underestimate old money. Four years after getting a fancy price for its stake in British & Commonwealth Shipping from the luckless Mr John Gunn, the Cayzer family yesterday snapped up a 45 per cent stake in one of B&C's choicer surviving assets, Bristow Helicopter Group. Caledonia Investments, the family's quoted vehicle, presumably has the inside track on Bristow. It also should have plenty of cash to pay for it: though a part of the deferred consideration for Caledonia's B&C shares fell due after Mr Gunn's downfall, the payments were prudently covered by bank guarantee.

The wider question is whether yesterday's £200m deal signals a return of the mega-management buy-out. Strikingly, there has been a higher number of UK buy-outs than acquisitions so far in 1991, but these have been mostly at the smaller end. The chances are that the trend will continue. *Quite apart from the* special circumstances of the Bristow case there seems to be a general shortage of senior debt. There is still plenty of equity to be had, sometimes on generous terms; but many of the banks had their fingers burnt in highly geared transactions in the late 1980s. Those that have held their nerve, meanwhile, are able to command a price: higher fees and spreads reportedly upwards of 2 percentage points, against half that just two or three years ago.

Maxwell

As the pandemonium over Mr Robert Maxwell's death begins to subside, the question emerges of whether he leaves anything of substance behind him. The Daily Mirror will survive, but was not his creation. His private interests appear to be *wholly for sale. The future* of Maxwell Communication, which in terms of market value is now smaller than the Mirror Group, is a matter for its bankers.

It is here that information dries up completely. The banks express warm regard for Mr Kevin Maxwell and MCC in general. That is just what they would say if they intended to break it up tomorrow. There is no point, after all, in declaring oneself to be a forced seller. *There is the added difficulty* that financial rescues are best carried out in the dark, like last year's £1bn-plus reconstruction of Berisford. The highly public rescue of Brent Walker, by contrast, drags on interminably: and when it comes to publicity, Mr Walker is not in the same league as the Maxwells.

One test of MCC's durability might be its logic as a structure. But there is no obvious synergy between airline timetables and encyclopaedias. Like the empire as a whole, MCC represents the individual tastes of the founder. There seems no compelling reason for it to survive him.

Barratt

The purchase by Sir Lawrie Barratt and fellow directors of a cool 1.4m shares in their own building company will no doubt merit a mention at this month's annual meeting. Shareholders may prefer to concentrate on the annual report, a pale document weighing a third of last year's colourful tome and a fitting symbol of the company's decline. In particular,they might wish to ask about the rejigging of some *1990 balance sheet figures* without comment, and the appearance of year-end contingent liabilities – including commitments to repurchase unsold show houses - *totalling* more than £80m.

Maxwell burial tomorrow on Jerusalem's Mount of Olives

By Hugh Carnegy in Jerusalem

MR ROBERT MAXWELL, who was born 68 years ago to a Jewish peasant family in a remote eastern European village, will be buried tomorrow on the Mount of Olives in Jerusalem. Orthodox Jews believe this will be the site of the redemption of the dead at the End of Days.

The British publisher and *newspaper owner's body was* flown by chartered jet from the Canary Islands yesterday to Jerusalem.

The ornate coffin, draped in a Jewish prayer shawl, was escorted by his widow, Mrs Elizabeth Maxwell, his eldest son Philip and his daughter Ghislaine. Mr Maxwell's body was found in the Atlantic off the Canary Islands on Tuesday evening after he disappeared from his yacht earlier in the day.

The decision that he should be buried in Jerusalem is regarded in Israel as the ultimate statement of his Jewishness by a man who in recent years reaffirmed his Jewish roots, investing heavily in Israeli business, developing close ties with the country's leaders and endowing Jewish charities.

It was not always so. He was born Jan Koch, third child of an orthodox family *in Czecho*slovakia. His father, mother and other family members were victims of the Nazi holocaust. But it was only in the mid-1980s that Mr Maxwell began publicly to play up his Jewish identity.

Israeli leaders will turn out in force for his funeral. President Chaim Herzog is expected to deliver one of three eulogies at a convention centre in west Jerusalem where the body will lie in state tomorrow. Among the mourners will be Mr Gerald Ronson, the Heron Corporation chairman.

Mrs Maxwell, who is Christian, and her children have been briefed on Jewish funeral rites.

European press review, Wkd VIII
Dominic Lawson, Wkd XVIII

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Bayer-Hypo	383.8	+	14.8
BMW	485.5	+	19.7
Berlin Bank	245	+	12
Daimler	698	+	16.5
Mercedes	548	+	13
Porsche	640	+	15
New York ($)			
Rises			
Apple	51½	+	1¾
Carter-Wallace	109¾	+	5
Immune Resp	59	+	5
Medimmune	53¾	+	3¼
Morgan Stan	59¾	+	2¾
Synergen	67¼	+	4
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Cetelem	669	+	15
Lyonn Eaux	531	+	12
Radiotech	548	+	12
Total B	1027	+	50
Falls			
Geophysique	755	–	15
Intertech	710	–	25
Tokyo (Yen)			
Rises			
Ashimori	896	+	69
Fuji	868	+	100
Janome Sewing	670	+	67
Okaya Elect	620	+	43
Toyo Sanso	1070	+	100
Falls			
Sawafuji El	588	–	61
London (Pence)			
Rises			
AmBrit Intl	6	+	2
Barratt Dev	67	+	5
Borland	3925	+	137
Caverdale	12	+	3½
Courtaulds	488	+	14
Elect Data	237	+	20
Huntingdon Int	233	+	15
Legal&General	388	+	10
Meyer Intl	440	+	15
Mirror Group	112	+	6
Nat Home Loans	12	+	3½
Next	61½	+	3½
Pittencrieff	190	+	17
Securiguard	103	+	9
Thorn EMI	822	+	11
Tomkins	420	+	11
Unilever	838	+	30
Falls			
Bucknall	43	–	7
Debenham Tewsn	77	–	8
Fisons	423	–	13
Futura	55	–	11
Maxwell Comm	69	–	5
Ratners	70	–	3

WORLDWIDE WEATHER

Today: central and southern England will start dry and bright but later will become cloudy with isolated showers. Eastern areas and south-east Scotland will have sunny spells and scattered showers. Snow or sleet over high ground elsewhere will clear during the day. ***Outlook:*** cloud and rain will spread from the north to the south.

		°C	°F
Ajaccio	F	17	25
Algiers	S	20	68
Amsterdam	R	10	50
Athens	F	20	68
Bahrain	S	26	79
Barcelona	S	15	59
Belfast	F	7	45
Belgrade		-	-
Berlin	R	10	50
Biarritz	C	13	55
Birmingham	S	10	50
Blackpool	F	9	48
Bombay	S	32	90
Bordeaux	C	12	54
Boulogne		-	-
Bristol	F	10	50
Brussels	R	11	52
Buenos Aires		-	-
Budapest	C	8	46
Cairo	S	25	77
Cape Town	S	18	68
Cardiff	C	11	52
Chicago	S	-11	12
Cologne	C	12	54
Copenhagen	S	10	50
Corfu	F	18	64
Dallas †	S	-3	27
Dublin	S	9	48
Dubrovnik		-	-
Edinburgh	S	7	45
Faro	S	19	66
Florence	S	13	55
Frankfurt	C	11	52
Geneva	F	10	50
Gibraltar	F	17	63
Glasgow	F	7	45
Guernsey	C	13	55
Helsinki	C	6	43
Hong Kong	F	26	79
Innsbruck	F	8	46
Inverness	F	5	41
Isle of Man	C	9	48
Istanbul	R	15	59
Jersey	R	13	55
Johannesburg	S	28	82
Las Palmas	S	23	73
Leeds	F	10	50
Lisbon	S	15	59
Locarno	S	12	54
London	R	11	52
Los Angeles †	F	16	61
Luxembourg	Dr	7	45
Madeira	F	20	68
Madrid	S	12	54
Majorca	S	18	64
Malaga	S	18	64
Malta	S	18	64
Manchester	F	9	48
Melbourne	C	13	84
Mexico City		-	-
Miami †	C	20	68
Milan	S	12	54
Montreal †	S	-6	23
Moscow	C	1	34
Munich	S	11	52
Nairobi	F	27	81
Naples	S	17	63
Nassau		-	-
Newcastle	S	8	46
New Delhi	F	23	81
New York †	F	5	41
Nice	S	17	63
Nicosia	F	23	73
Oporto	C	13	55
Oslo	S	4	39
Paris	C	11	52
Peking	S	11	52
Perth	S	22	72
Prague	C	10	50
Reykjavik	S	-2	28
Rhodes	C	20	68
Rio de Janeiro		-	-
Rome	S	15	59
Salzburg	S	11	52
S'Francisco †	C	15	59
Santiago		-	-
Seoul	S	10	50
Singapore	F	30	86
Stockholm	R	5	41
Strasbourg	C	13	55
Sydney	S	23	73
Tangier	S	20	68
Tel Aviv	S	23	73
Tenerife	F	23	73
Tokyo	R	13	55
Toronto †	C	-5	23
Tunis	F	18	68
Valencia	S	16	61
Venice	S	13	55
Vienna	F	13	55
Warsaw	R	9	48
Washington †	C	5	41
Wellington	F	17	63
Zurich	C	9	48

Temperatures at midday yesterday † Noon GMT temperatures C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

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Weekend FT

SECTION II

Weekend November 9/Nov

'The biggest bank fraud in history'

PART ONE The BCCI shutdown is the most dramatic business story in years: it has tainted public figures across the world and raised searching questions about the way banks are run. In a three-month investigation the FT has uncovered compelling new evidence and, for the first time, put the BCCI jigsaw together. From the brothels of Lahore to the remote Scottish islands, the BCCI story offers a unique insight into the secretive world of big money politics.

From high rise to collapse: key players in the saga. Clockwise from top left: Sheikh Zayed; Agha Hasan Abedi; Syed Raziuddin Ali Akbar; General Noriega and partner in Las Vegas; Robin Leigh-Pemberton

INSIDE the Bank of England's massive building in the heart of the City of London lies a grassy courtyard, which the sun reaches at mid-morning. Around it stand the elegant parlours of the governor and his top officials, a place of polished mahogany, pink coat-tailed stewards and ticking clocks.

Early on July 2 this summer, the yard was basking in its customary peace. But the silence was not one of a smoothly functioning central bank. It was one of shock.

In an office on the east side of the yard, a dozen men were poring over a 45-page document, prepared by the Bank of Credit and Commerce International's auditors, Price Waterhouse.

Entitled "Report on Sandstorm SA under Section 41 of the Banking Act 1987" it told, in terse auditors' prose, how BCCI, code-named Sandstorm, had perpetrated frauds so large that it was impossible to calculate their size.

The assembled bank regulators, many of whom had flown in secretly only the day before from Luxembourg, the US, the Cayman Islands, France, Spain and Hong Kong, sat in silence for close on an hour as they digested this grisly document.

Whole chunks of BCCI's balance sheet were rotten: many loans were bad, even fictitious, and deposits had been plundered to conceal enormous losses.

Brian Quinn, the Bank of England's director of banking supervision – a silver-haired, compact Scot whose job it was to prevent the kind of disaster now staring him in the face sat at the head of the table. Never, in his 21-year career at the Bank, had he been exposed to fraud of this magnitude.

It was a sickening moment. The scale of the fraud may have come as a shock to them – but not the fact of it. For years BCCI had been tainted by scandal and controversy.

All through that morning and well into the afternoon, the men wrestled with appalling decisions.

They could wind the bank down, but that was impractical; the alleged fraudsters would take flight the moment they sensed trouble. They could shut the bank down at a stroke: that would secure the assets, but would cause a political storm.

A third course was considered. Quinn could fly to Abu Dhabi to see the one man in the world who could help: Sheikh Zayed bin Sultan al-Nahyan, the hawk-faced Ruler of Abu Dhabi. As the bank's 77-per cent shareholder, the oil-rich emirate was already preparing to refinance BCCI with a $650m capital injection.

Could the Ruler be persuaded to cover the much greater losses revealed in the report? No – Quinn had already shut off that option. Abu Dhabi was not to be invited to the meeting.

The reason was simple. PW said it understood that Abu Dhabi officials had known about BCCI's problems for more than a year. The Bank no longer trusted them. "The report fingered our interlocutors," said one official present.

At 4pm, the meeting took a vote. It was unanimous: a shutdown, and the sooner the better. They chose the following Friday, only three days away. It left them barely enough time to make arrangements.

At 1pm London time on July 5, the regulators swooped. In an unprecedented operation, within the space of a few hours, they shut down the better part of a bank with $20bn of assets in 69 countries.

The following day, Quinn met the deputy governor, Eddie George. "Brilliant!" said George. But Quinn was more sanguine. "It'll be all right for the first 24 hours. Everyone will say what a great job we did. After that it'll be downhill all the way." So it has proved.

The questions come tumbling over each other. How could a bank have become so steeped in crime? How could it have got away with it for so long? Where did all the money go? Why was the bank not shut down years ago as its links with the terrorists, drug dealers and other undesirables became known? The Central Intelligence Agency did business with it. Why didn't it blow the whistle?

The trail uncovered by the FT leads through volumes of documents reaching into the innermost recesses of BCCI's affairs and the ponderous efforts of its auditors and regulators to bring it under control. It depicts a world of utter unreality.

Early BCCI memos contain lists of people Abedi wanted on his payroll: they include Paul Volcker, former chairman of the Federal Reserve, John Reed, chairman of Citicorp, the largest US bank, and Sir Kit McMahon, the then chairman of Midland Bank.

At the height of BCCI's crisis, Agha Hasan Abedi, the bank's charismatic president, was struck down by two heart attacks and a stroke in succession. While recuperating from a heart transplant, he struggled on to a plane in his wheelchair and flew to Abu Dhabi to beg the Ruler to save his bank.

The Sheikh, a man with a refined sense of Arab protocol, did not think it right that a man in a wheelchair should come to him. So he went to see Abedi in the banker's suite in the InterContinental hotel, an almost unheard of courtesy which speaks volumes for Abedi's lingering hold over his benefactor.

The nub of the meeting only lasted two-and-a-half minutes, but it was worth nearly $1bn a minute. In that time, the Ruler agreed to spend $2.2bn to keep BCCI alive.

It is a trail on which money loses all meaning. No sums are significant unless they run into nine figures. All the important fraudulent transactions – the false loans, the stolen deposits, the nominee accounts – amount to several hundred million dollars *each*.

The final bill for BCCI is enormous. Judging by the PW report, BCCI was engaged in four major frauds.

One was a cover-up of $633m of losses on treasury trading.

The second was the illegal acquisition of several banks in the US, on which it spent $346m.

The third was a complex manipulation of accounts to prop up its largest borrower, the Gulf shipping group of Pakistan, to which it lent more than $725m, which was over the limit set by banking regulations.

The fourth was a fundamental fraud by which BCCI allegedly acquired secret control of 56 per cent of its own shares at a cost of over $500m. BCCI was a serpent eating its own tail.

These sums add up to more than $2bn. But this is a minimum: it omits the enormous cost to BCCI of financing its secret losses. The manipulation to cover up the fraud involved another $2bn, bringing the grand total to well over $4bn.

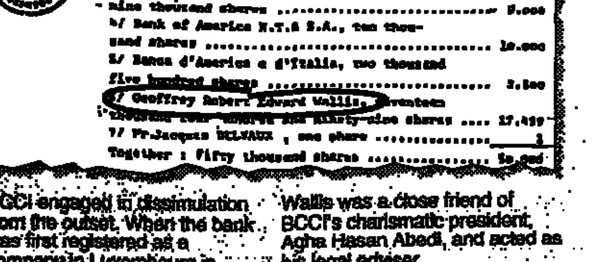
The scale of the fraud is breathtaking enough. But while most frauds involve the disappearance of real money, BCCI did the exact opposite. It manufactured billions of dollars out of nothing to conceal gaping holes in its balance sheet, like a giant game of 'Double Your Money'.

This involved extraordinary financial gymnastics and illegal loans on a huge scale. When BCCI finally came crashing down, it was not with a thud, but in a shower of paper.

Who benefited from all this? The winners were the recipients of illegal loans, the nominees who received huge fees for their services, and those with whom BCCI was obliged to do business at cut rates in order to get deals done.

But BCCI's own executives, though paid generous incomes and forgiven many of their loans, do not appear to have enriched themselves enormously. Abedi, for example, lived modestly. The head of the bank's internal audit boasted about how long he kept his suits.

Secrecy from the outset



Ruler of Abu Dhabi, ten thousand shares 10.000
2/ B.C.C. Investment Holding Company, thousand shares 1.000
3/ Stock Investment Holding Company, nine thousand shares 9.000
4/ Bank of America N.T.& S.A., ten thousand shares 10.000
5/ Banca d'America e d'Italia, two thousand five hundred shares 2.500
6/ Geoffrey Robert Edward Wallis, seventeen thousand four hundred and ninety-nine shares 17.499
7/ Mr.Jacques DELVAUX, one share 1
Together : fifty thousand shares 50.000

BCCI engaged in dissimulation from the outset. When the bank was first registered as a company in Luxembourg in 1972, its largest shareholder was an obscure solicitor from the south London suburb of Bromley. Geoffrey Robert Edward Wallis, who has since died, held 17,499 of the 50,000 original shares, giving him a 35 per cent stake.

Wallis was a close friend of BCCI's charismatic president, Agha Hasan Abedi, and acted as his legal adviser.

Michael Weichmen, senior partner of Wallis's firm, says Wallis was acting as a nominee for other shareholders in BCCI whose identities and sources of finance have never been disclosed.

The victims include the thousands of depositors and borrowers whose lives were shattered by the shutdown.

For these predominantly Asian customers, who had struggled against racial prejudice to succeed, and for the majority of BCCI's 14,000 staff, who were hard-working and honest, the bank offered something different. It understood their needs in a way rarely found in traditional clearing banks.

But the greatest victim, by far, is the tiny Gulf emirate of Abu Dhabi, which is today deeply humiliated and embittered by the whole affair.

By the FT's estimate, Abu Dhabi's exposure to BCCI and related entities amounts to $9.4bn. This includes direct investment in BCCI, official deposits placed with the bank and the enormous cost of propping up BCCI as it tottered to its end.

Some of this may be recovered when the bank's remaining assets are liquidated – but most has gone for good. Even this immense sum amounts to only nine months' worth of the $12bn that Abu Dhabi earns from oil sales each year. For Abu Dhabi, the loss of face has been far more wounding.

It is easy to be baffled by the scale and complexity of the BCCI saga. But it is better not to think of BCCI as a bank in the traditional sense.

BCCI was an outsider in a business whose rules are set by the large industrial countries of the west.

It came from a country – Pakistan – where banks traditionally involve themselves closely with their customers and play an important part in the political power game. It was fuelled by the enormous but unsophisticated wealth of the Arab oil world.

It was misunderstood by the western authorities, who even today are slow to presume that a bank wilfully engages in major fraud. It operated on – and exploited – the cusp of many ethical and business codes.

BCCI was shaped by a man – Abedi – who was both charismatic and devious. He was able to inspire people with his vision of a wholly new kind of bank that would finance trade with the Third World. But he dealt ruthlessly to achieve his goals.

"Honesty is magic," he once told his deeply respectful staff. Revealingly, he went on: "Money is helpful. Participation is power."

Abedi proclaimed the virtues of Islam, but his bank readily diverted hundreds of millions of dollars of deposits from Islamic institutions to conceal its frauds.

He founded many charities, which earned him a reputation as a great philanthropist. One of them, the ICIC Foundation, was formed to "work for the relief of poverty, suffering, sickness, disease and distress among human beings in all parts of the world".

More than 99 per cent of the foundation's assets of $34m was invested in shares in BCCI (which paid no cash dividends) and its Swiss affiliate. The foundation accounts were qualified because the auditors disagreed with the valuation placed on the BCCI shares. It appears to have been another ploy to sustain BCCI's own capital structure.

BCCI may not have set out to be a fraudulent or crooked bank. It had blue chip clients, stretching from Wall Street to the UK high street: Pillsbury and Dow Chemical of the US, and in Britain, Taylor Woodrow, Pilkington, Babcock International and Dixons.

But its obsession with power and secrecy, and its amoral leadership made it a natural breeding ground for malpractice. As Abedi's vision soured, the contamination spread.

At that fatal meeting in Threadneedle Street, BCCI seemed ripe for closure. People had suspected it of wrongdoing for years. Here was the damning evidence. But could it have been saved?

Was BCCI, as Robin Leigh-Pemberton, governor of the Bank of England, told the Treasury and Civil Service committee of the House of Commons, a bank with a criminal culture that needed to be cleansed, root and branch? Or could the thousands of depositors have been spared once the chief perpetrators of the fraud had gone? Did the regulators move too slowly, only to jump too soon?

How much did Abu Dhabi know about the fraud and when did it know it?

What is indisputable is that, by shutting BCCI down when they did, the authorities caused enormous damage to depositors and shareholders, while Abedi and his henchmen have yet to face the reckoning.

■ **On Monday:** 'This bank would bribe God'

BEHIND CLOSED DOORS

■ The FT's team of journalists has been given access to confidential documents which shed new light on the closure of BCCI. It has conducted hundreds of hours of interviews in Europe, the US, the Cayman Islands, the Middle East and Pakistan.

■ The team, led by **David Lascelles**, Banking Editor for the past five years, included:
- □ **Richard Donkin**, who has followed the story since 1988
- □ **Alan Friedman**, the paper's award-winning US banking correspondent
- □ **Christina Lamb**, the only western reporter to interview Agha Hasan Abedi since the bank's closure
- □ **Richard Tomkins**, in Abu Dhabi
- □ **Bernard Simon**, Cayman Islands
- □ **Chris Tighe, and Jimmy Burns**, on the victims
- □ **James Buxton**, the Western Isles
- □ **Stephen Fidler**, Latin America
- □ **Richard Waters**, The City

CONTENTS

Barry Riley's Long View column moves to the back page this week only

FINANCE AND THE FAMILY

London Markets

Election next year: official

The government this week threw everything available into the electoral battle – including the kitchen sink dramatists. That was the best available explanation of the announcement on Thursday that the Arts Council was to get a 14 per cent higher grant, an increase 10 percentage points higher than inflation.

Normally, the money available to artistic ventures would be too frivolous a subject for this austere column. Not this week. The arts announcement aptly symbolised – in the eyes of the City's fiscal worriers, at any rate – the wider government spending plans announced on Wednesday.

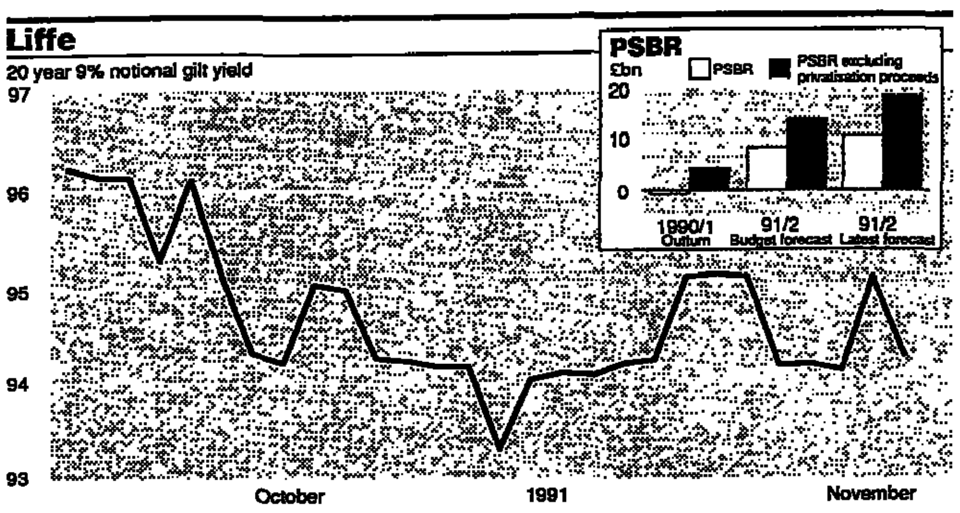
The Autumn Statement, which outlined those plans, led to an immediate rally in the shorter end of the government securities market. The overall spending total was not too bad, and investors were working on the assumption that the extra cash promised for health and transport would strengthen the Conservatives' chances in the general election, now at most seven months away.

By Thursday, however, the scale of potential borrowing had started to sink in. It was not so much the immediate pre-election spending that was a concern: rather, pessimistic commentators said, the issue was the level of expenditure that was now built in for years ahead.

The Treasury's hopes of financing some of the gap between those outgoings and the likely level of tax receipts with a high level of privatisation revenues were prompting worried back-of-the-menu calculations at lunches across the City. One financier, after knocking a bit off likely tax receipts to allow for slower growth and subtracting privatisation receipts on the grounds that an incoming Labour government would not be doing any selling, came up with a worst-case public sector borrowing requirement next year of around £40bn – a disconcertingly large number for a market that has become used to debt repayment rather than borrowing.

Most City estimates are smaller than that. But it was perhaps not surprising that on Thursday, long gilts dropped by half a point, with the Liffe long bond future down from 95.09 to 94.28 in the course of the day. By Friday, that momentary loss of nerve had passed: the Liffe bond future was trading at 95.17 in mid-afternoon. Thursday's wobble, however, was an indication that the markets are watching the way future government borrowing trends are shaping up – regardless of who is in power – and not liking what they see.

Equity investors had their eyes rather more firmly fixed on the short term. After moving down to around the 2,525 level over the early part of the week, the FT-SE index rose 21 points on Friday. It ended the week at 2559.0, up 9.5 on the week. Friday's move was shaped by the belief that UK shorter-term interest rates might be cut next week when the October inflation figures are due. In anticipation, three-month money dropped a quarter of a point, to 10¼ per cent. Lending support to this theory was a newspaper report that the Bundesbank was happy with the current level of German interests, reducing the threat of an imminent move upwards from the Frankfurt authorities.



The most striking individual share price moves of the week came, perhaps inevitably, from Maxwell Communication Corporation, which closed on Friday at 69p, down by 75p or more than half; and from its half-sister Mirror Group Newspapers, which closed at 112p, up 34p. The shares had been suspended for part of Tuesday and all of Wednesday after the announcement that Robert Maxwell, chairman and moving spirit of both companies, had died at sea.

The two companies were interwoven with private Maxwell family interests in a complex, heavily indebted and fragile empire. On the day after Maxwell's death the FT published the first comprehensive analysis of the empire's total debt burden: at least £2.2bn. Subsequent statements from MCC pushed that number up to around £2.4bn by the end of the week.

Shares of both quoted companies had been mortgaged as security for loans to the private Maxwell interests. Sharp recent declines in MCC's share price – a drop of 13 per cent on the morning before the announcement of Robert Maxwell's death, for example – appeared to threaten the stability of the whole empire. Only the previous week, Goldman Sachs had sold 2.2m shares because Maxwell companies had failed to repay loans secured on the stock.

Faced with the possibility that the group might be dismembered to meet creditors' claims, MGN shares rose and MCC shares fell. MGN's shares benefited from its inherently strong, simple business and appeal to potential purchasers. MCC's shares fell because its soundness appeared less obvious: indeed, Robert Maxwell's death deprived the company of the one man who might have been able to make sense of it.

By Friday, MCC was still weakening, even though bankers had said they would stand behind the Maxwell companies, both public and private. At the beginning of the week, MGN was worth one-third of the stock market value of MCC. By the end of the week, MCC was the less valuable of the two.

Hawker Siddeley, target of a bid from BTR, closed the week at 742p, up 20p. On Thursday, BTR raised the value of the bid by 3.6 per cent, and sweetened it with up to £99m more cash – an unexpected move because the the original bid was thought high enough to secure victory. The revised offer, which values Hawker Siddeley at 756p (including the 10p interim dividend), is final. BTR's own share price fell when it revised its bid, since that was taken by some traders as a sign of nervousness; but it recovered on Friday to close at 393½p, up 1½p on the week.

Peter Martin

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2559.0	+9.5	2679.6	2054.8	Interest rate optimism
AAH Holdings	469	+24	470	319	Competitor pulls out
Blenheim	438	+35	453	190	Good figures
Courtaulds	488	+17	507	300	Buying ahead of interims
Courtaulds Text	441	+20	441	235	Analyst's recommendation
Dixons	242	-8	274	125	Forecast cuts
Fisons	423	-35	515	345	US drug approvals delayed
Hawker Siddeley	742	+20	764	417	Improved BTR offer
Kleen-E-Ze	54	+19	58	23⅜	Director increases stake
Maxwell Comm	69	-72	241	63	Concerns over level of debt
Mirror Grp News	112	+34	127	77½	Bid spec/expansion hopes
Proteus Int	174	+24	197	80	US drug design deal
Siebe	498	-20	551	289	Forecast cut fears
SmithKline Bchm A	831	+36	845	589	Switching from Glaxo
Wellcome	797	+52	798	404	US buy note/drug approvals due

Serious Money

Fidelity challenges the status quo

*By **Philip Coggan**, Personal Finance Editor*

IT IS NOW possible to *earn a decent return on* your rainy day savings without making a deposit with a building society.

An intriguing alternative to the instant access account was launched this week, at a time when the troubles of Town & Country must have made many worry about the safety of the building society movement.

Such fears are unnecessary – the vast majority of societies are extremely safe and the movement has repeatedly been able to rescue those which do get into difficulties. Nevertheless the new product – a cheque account, linked to Fidelity's cash unit trust – looks highly attractive. The current gross return of 10.72 per cent (8.04 per cent net) on £5,000 is extremely competitive.

Now, I know that the words "unit trust" will make many throw up their hands in horror. After all, only 2 per cent of the UK population has a unit trust holding.

But a cash unit trust is rather different from a conventional fund. It does not invest in shares, which can go up and down in value, but in interest-bearing deposits. The value of the trust rises steadily as the interest on the deposits accrues; the value of the units, and thus the balance in your account, goes up in proportion.

There is no complicated bid-offer spread as there is with other unit trusts – buyers and sellers pay and receive the same price for units. The management fee is a relatively modest 0.5 per cent a year.

Those who keep £5,000 in the trust can have a cheque book, but cheques must be made for a minimum of £250. Thus the account is best used for paying one-off bills such as holiday flights or car repairs.

A cheque taking your account below £5,000 will not be bounced, but Fidelity will write to you asking you to restore the balance to the appropriate level. You will still receive the current yield, provided you keep the minimum unit trust holding of £1,000. *And you can pay into the* account at any bank branch.

There is also a Bank of Scotland Gold Mastercard available with the account, in return for a £25 fee. Payment of the monthly card balance can be made out of the account, provided the sum is more than £250. If it is lower, you would have to pay the balance from other sources.

What about safety? It is not impossible for the value of units in the trust to go down, but it is extremely unlikely. The managers would have to invest in the deposits, or short term securities, of a bank that went bust. But Fidelity limits its investments to banks with top credit ratings and invests on a very short term basis – the longest maturity is six months. Of course, it could make a mistake or be caught by surprise, but it was successful in avoiding BCCI.

The nature of the trust's investments means that it is always likely to offer a rate close to the prevailing level of base rates

In addition, being linked to a unit trust, the Fidelity account is covered by the Investor's Compensation Scheme, which offers maximum protection of £48,000, rather than the ceiling for bank and building society protection of £15,000 and £18,000 respectively.

But can the current high return be maintained? Obviously, the yield on the trust will drop if interest rates fall, just as it will on other variable rate accounts. However, the nature of the trust's investments means that it is always likely to offer a rate close to the prevailing level of base rates (currently 10.5 per cent). According to Moneyfacts, the only instant access accounts which currently beat the Fidel*ity rate* on £5,000 are the postal accounts from the Bradford & Bingley, Cheltenham & Gloucester and Scarborough Building Societies.

None of these accounts offers a cheque book. Of those which do, the obvious rival to Fidelity is the Chelsea Building Society's classic postal account, which currently pays 10.4 per cent gross on £5,000, 10.7 per cent on £10,000 and 11.2 per cent on £25,000.

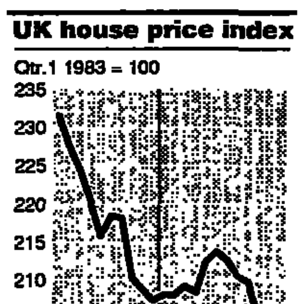
Indeed, Chelsea's account has some advantages over *Fidelity's offer. There is no* minimum withdrawal and Chelsea also offers a cash card, £50 cheque card, and the facility for standing orders and direct debits. One can also receive a higher return (11.25 per cent gross) if you invest £50,000 in the Halifax's Asset Reserve account (minimum withdrawal £100). The gross rate on £5,000 from Asset Reserve is 9.4 per cent.

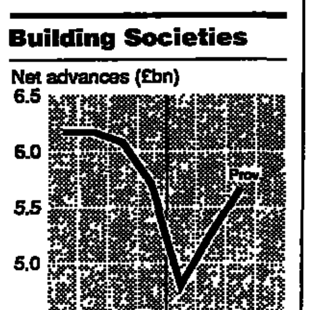
There is also the convenience factor. Taking money out of an instant access account involves going to a branch – with Fidelity you can just write a cheque. And however efficient the various postal accounts are, they can still be undermined by the eccentricities of the Post Office.

The Fidelity account currently offers about 1.5 to 2 per cent more than the gross rates available on the instant access accounts offered by the major building societies. And there is a reasonable theoretical argument why this should continue to be so. Unlike the banks and building societies, Fidelity does not have to maintain a huge branch network. Its costs are therefore lower and the returns it can offer are higher.

That may pose problems for those big banks which would like to move up-market and abandon the unprofitable majority of account-holders, who hold small balances and make lots of transactions. The banks may never be cost-effective or flexible enough to compete with the niche players.

AT A GLANCE





Housing market still in the doldrums

There was little sign of the long hoped-for recovery in the housing market this week. Two big building societies – Nationwide and Halifax – produced their indices for October, with the former showing house prices down 2.6 per cent in October, and the latter revealing static prices. On a year-on-year basis, the Nationwide index is down 2.6 per cent and the Halifax 1.7 per cent. Meanwhile, figures for mortgage lending showed scant encouragement, with third quarter net advances at £5.66bn. That was higher than the second quarter total but lower than the figure for a year ago.

National Savings lifts savings limit

National Savings has doubled the amount you can invest in the 36th issue of fixed interest savings certificates to £10,000, with effect from today. If held for five years, the certificates pay 8.5 per cent tax-free (the equivalent of 14.17 per cent gross for higher rate taxpayers); in other words, £10,000 would turn into £15,036 by November 1996.

Smaller companies find favour

Aberforth Smaller Companies Trust raised £55m this week in a novel placing which illustrated the current enthusiasm for small company shares. The trust joined the market late last year, since when its assets have grown by 38.2 per cent compared with a 20.3 per cent rise in the Extended Hoare Govett Smaller Companies index (ex-IT) over the same period.

Meanwhile, small company share prices were virtually unchanged in the week to November 7 with the County index dropping slightly from 1009 to 1008.91 and the Hoare Govett index (capital gains version) shifting from 1260.43 to 1260.37.

Two new PEPs launched

Touche Remnant and Kleinwort Benson this week launched new investment trust PEPs. Both allow you to invest in broad collective funds free of tax – but both carry high charges.

TR's offering allows for £6,000 to be invested – £3,000 in an investment trust, the remainder in conservatively chosen equities. Investors choose either income (via an income investment trust and high-yielding equities) or growth (using a growth investment trust and blue chip equities).

Societe Generale Touche Remnant is offering a unit trust PEP in conjunction with the investment trust launch. All the same principles apply.

Kleinwort Benson is offering a £3,000 investment trust PEP. The *PEP will hold shares in the Brunner Trust, which is aimed at* international capital growth. Investors can place another £3,000 in equities managed at KB's discretion.

KB's PEP has an initial charge of 3.5 per cent, with an annual management charge of 1 per cent. The Touche Remnant plans carry a 5 per cent initial charge, with an annual charge of 1.25 per cent. There is a dealing charge of 0.2 per cent for dealings within the PEP.

Award for FT journalist

Philip Coggan, Personal Finance Editor of the *Financial Times*, has been named Unit Trust Journalist of the Year (national press category). The award was made this week by the Unit Trust Association.

Wall Street

Unexpected glimmer in the New York night

IT IS always darkest before the dawn. So, just when the US stock market had fallen into a new quandary about corporate performance, triggered by an ambiguous round of third quarter earnings, and begun to abandon hope of another interest rate cut, along came Wednesday's Federal Reserve Board easing.

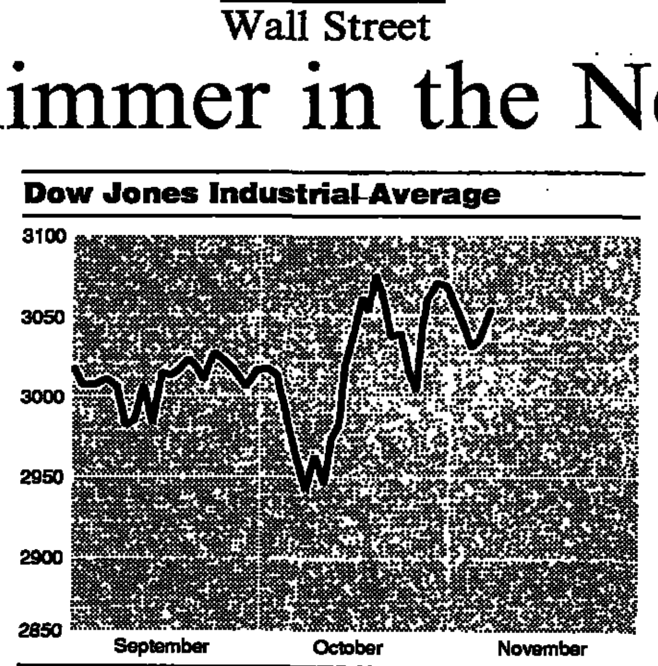
With infallible logic, the fall in bond yields prompted another surge in the stock market indices. The Dow Jones Industrial Average, which had dipped a dozen or so points during the week's first two trading days, immediately recouped seven points on news of the discount rate cut, from 5 per cent to 4.5 per cent. On Thursday, it enjoyed another 15.65 point gain, and opened with double-digit gains on Friday, although by mid-day that rally had lost some impetus.

The timing of the interest rate cut – so long awaited that everyone had virtually given up hope – may well have related to the Fed's less-than-happy bond and note auction. Spread over three days, the first leg, involving a $12bn tranche of 10-year notes, had an extremely poor reception. That encouraged speculation that the discount rate cut was engineered, at least in part, to salvage the remaining two sales.

But the stock market could not have cared less. It knew simply that the easing had come, that bond prices were firming, and that there was therefore every reason for stock prices to enjoy a fillip.

Interestingly, the progress was most marked for the smaller companies indices. The NASDAQ market, for example, hit a high on Thursday, as did the "Russell index", which is based on broad spread of small to medium-sized stocks. This is not a new trend – interest in smaller company stocks has been pronounced for months now – but it is certainly one which shows no sign of losing steam. The rationale is simple: institutional investors are heading for the most visible growth situations.

But whether this means that the broad market is now bound for new highs, is still less certain. The point has been made *ad nauseam* that cuts in interest rates are not feeding through to the corporate sector with their traditional force, given the distressed state of the banking sector and the related "credit crunch". Economic signals, meanwhile, remain ambivalent.



Last week, for example, it was the rare turn of the retail sector to spread a little cheer. No one was too surprised to see Wal-Mart Stores, the huge Arkansas-based discount chain, roll out another 25 per cent earnings increase, but far more impressive was the relatively healthy increase in retailers' October sales.

Dayton Hudson, for example, enjoyed a 6 per cent sales gain, while Kmart's sale advanced by 5 per cent. Even Sears Roebuck, which saw particularly grim third quarter earnings on the retail side, managed to post a 0.5 per cent improvement. It was enough to prompt a welcome rally in the retailers' shares - ranging *from a $3¾ gain to $62½ gain* at Dayton Hudson, to a $1 rise to $37¾ at Sears.

International Business Machines, too, struck a happier note on Thursday when it forecast that the fourth quarter would be its strongest this year. A day earlier, the computer giant had announcing that it was pooling development resources with those of Intel, to design a highly-integrated microprocessor. IBM shares ended the week at around $101, a gain of about $3 on the five trading sessions, and helped push the entire technology sector higher.

And Moody's – the large US rating agency – announced a sharp drop in junk bond defaults and default rates. It said that only one speculative grade issue defaulted last month, compared with five in September and three in August. The default rates for the 12-month period to end-October also fell significantly – which continues a trend underway since July. In short, it seems that many of America's most ambitiously-financed companies are at least holding their own.

But a very different sentiment gripped the US airline *sector. Warnings of a fourth* quarter loss for American Airlines, one of the three big players, sent its own shares down $2⅜ to $61⅛, while its Chicago-based rival, United, lost $2¼ at $126½. Delta, struggling to assimilate certain Pan Am assets and still debating the terms of its ongoing investment in the ailing carrier with Pan Am's creditors, fell by ⅝ to $61¼.

This week, moreover, Wall Street will have to contend with a new batch of consumer price inflation statistics, and some pundits are already slightly nervous. In short, as one commentator suggests: "The stock market continues to wax and wane, alternately rising on hopes that a substantial economic recovery will materialise sooner rather than later, and easing of fears that such an unbeat scenario might not unfold". *Plus ca change. . .*

Monday	3045.62	– 10.73
Tuesday	3031.31	– 14.31
Wednesday	3038.46	+ 7.15
Thursday	3054.11	+ 15.65
Friday		

Nikki Tait

The Bottom Line

Sainsbury's: a gentlemanly king of the ring

IF BRITAIN'S supermarket chains could be likened to individuals, then Tesco would be the streetwise East Ender, Asda the chippy northern lad and Argyll *the canny Scottish player*. Few, however, would doubt that J. Sainsbury was the patrician gentleman of the sector.

Founded 122 years ago in London's Drury Lane, and headed by a distinguished lord, Sainsbury's has woven itself into the social fabric of the nation. Indeed, its name almost has become synonymous with the middle classes of England's south-east.

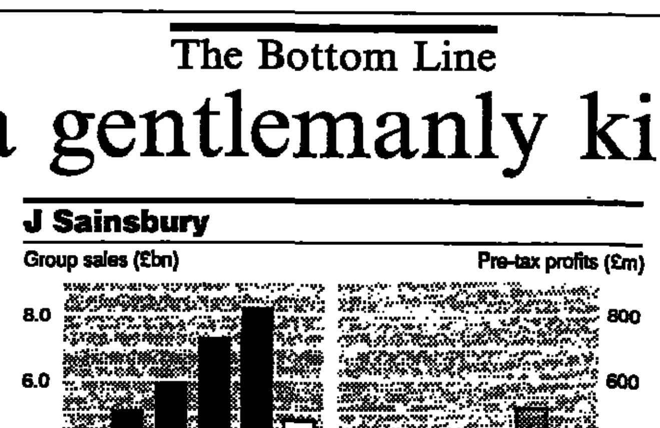
This week, Sainsbury's polished its image by posting a 20 per cent increase in interim pre-tax profits – to £327.5m – in the middle of a severe recession. How? It simply opened more of its bland beige and orange stores, won an increasing share of the static grocery market, and nudged its operating margins yet higher.

The company's sales have come to reflect the nation's eating habits and its 307 stores reported "exceptional" growth in some of its higher-priced ranges such as smoked salmon, fancy cheeses, fresh pasta and vintage wines.

However, the impression of seemingly effortless superiority belies the reality. Food retailing is becoming an increasingly confrontational business, as the hard-pressed Asda and Gateway chains will testify. Yet, Sainsbury's has proved it can scrap in the backyard with the best of them. It just never seems to get its shirt front dirty.

Sainsbury's range is not as wide as its competitors. Its store design is uninspired and its advertising campaigns are unexciting. Nevertheless, one stockbroking analyst describes the company's operations as a "culture of continuous improvement" in which systems and operations, product offerings and distribution are upgraded steadily.

In retail-speak, Sainsbury's has "authority." Its sales per square foot make rival retailers salivate – and it promises there is plenty to come. It has identified 160 more UK sites where it would like to trade and chairman Lord Sainsbury notes: "One-third of the population is still not within a reasonable driving time of one of our stores." The north of England and Scotland have been targeted as areas of expansion.



The investment arithmetic is mind-numbing. This year, Sainsbury's filled its pockets by way of a £489m rights issue and will spend more than £2m a day building superstores. It will have added 21 by the year-end and development on sites already earmarked will keep it busy until 1994.

Sainsbury's also has expanded into the US. The Shaw's chain of 71 supermarkets in New England has been suffering in the recession but the British parent still has high hopes for it. "We have great confidence in our opportunity to enhance, improve and expand Shaw's. We can achieve the same return on capital in the US as we can here," Lord Sainsbury says.

The company has diversified into other markets, too. Its 63 Homebase do-it-yourself stores account for an 8.4 per cent share of the market, and Sainsbury's runs nine Savacentre hypermarkets offering a wide range of foods and clothing.

Yet, in spite of the seeming serenity of its progress, Sainsbury's shares have had a rough time recently. City analysts have noted that the recession has pegged the growth of the UK food market and point out that Sainsbury's was able to generate sales growth only from stores it opened during the half-year.

Some are now forecasting that its 22 per cent return on capital is unsustainable given the looming saturation of the UK market, and say a continuing spate of media stories about a possible price war could become a self-fulfilling prophecy. Gateway's launch of a 15-store Food Giant discount superstore chain has unsettled some analysts, too.

The most vocal bear of the sector, Jeremy Alun-Jones of US investment bank Salomon Brothers, issued another gloomy report this week. He claims: "Falling inflation, a slowdown in volume growth, rising sensitivity to price, and the extreme *discomfort being* felt by weaker competitors is likely to cause change and make the environment more unpredictable. The risks are rising. The returns are not."

Sainsbury's dismisses these threats rather sniffily. It has heard them all before and says the talk is misguided. Many analysts in the City concur.

Tony MacNeary, of County NatWest – who claims he is not a "saturationist" – suggests the present flat food sales *will turn* round and that Sainsbury's margins and return on investment will improve. "I think Sainsbury's is without doubt the best company in the sector and the current rating is certainly attractive," he says.

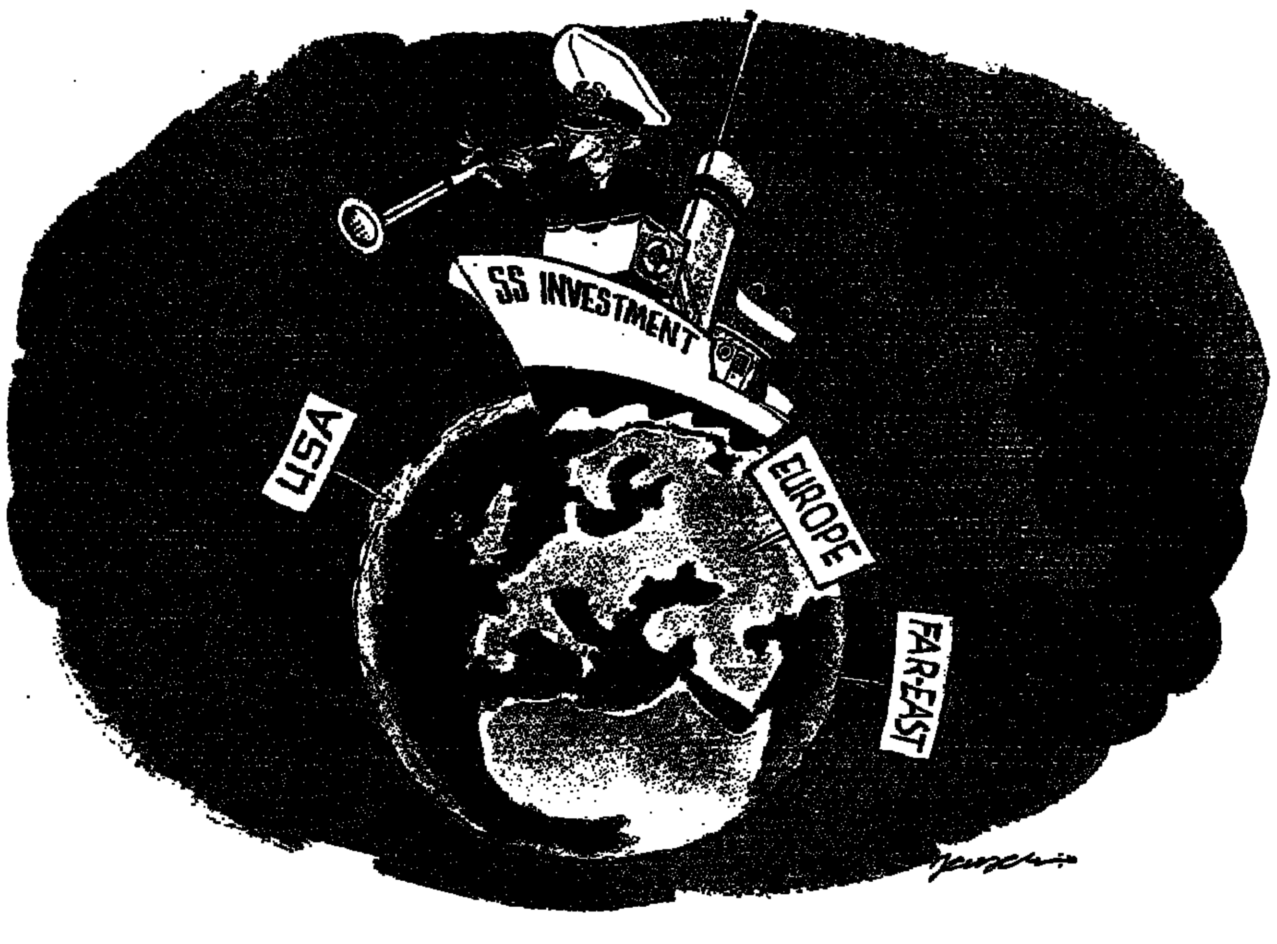
The argument will continue to rage. All that can be said with certainty is that the market is in a state of flux; yet Sainsbury's still looks an immovable object.

John Thornhill

FINANCE AND THE FAMILY

In search of riches overseas

***John Authers** and **Philip Coggan** on how small investors can get exposure to international markets*



DIVERSIFICATION is the name of the safe investment game.

That means placing some of your equity holdings overseas, since returns from the world's major stock markets can vary substantially in any one year. Many may choose to make the move because of the political uncertainty in the UK. However, nobody should take on foreign investment unadvised and it is vital to choose your market with care.

Buying shares of overseas companies directly is now relatively easy, but expensive. Stockbrokers will normally impose a handling charge, since overseas shares tend to be in bearer form and thus need to be safeguarded and dividends need to be claimed.

In addition, many overseas shares have high nominal values – one share in Nestlé, the Swiss food company, currently costs more than £3,000. That can make it difficult to invest small sums. Keith Smith, associate director of broker Gerrard Vivian Gray, says that private clients should really look to invest at least £5,000 per company.

Collective funds, either an investment or unit trust, are probably best. But even fund managers find it more difficult to invest overseas than in the UK.

Dick Barfield, investment manager of Standard Life, says the costs of both dealing in and holding securities tend to be higher overseas. Also, overseas funds employ more people per pound invested than UK funds, and the travelling costs incurred are considerable.

It is therefore more difficult for internationally-invested funds to deliver good performance than it is for UK-based funds. This applies especially to individual investors.

What points should you look for when choosing an overseas sector?

■ **The exchange rate.** Fluctuations can nullify all the investment performance your fund manager has delivered. If the yen is expected to weaken against sterling, you might not be well advised to invest in Japan. Gains on the Japanese market could be wiped out by a currency readjustment.

■ **Interest rates.** Falling interest rates stimulate an economy and stock markets usually benefit accordingly. But the best time to invest is normally when interest rates are high, but are ready to fall. Judging this takes nerve, but it is vital if you want to buy when the market is at the bottom.

■ **Market valuations.** The same principles apply as for stock-picking in the UK. If share prices are high in relation to corporate earnings, that is usually not the best time to invest. However, price-earnings ratios in Japan have been much higher than those in the west for a long time, which has not stopped investors from making profits. But the general rule applies: it is best to invest when share prices are relatively cheap in relation to earnings – in other word when p/e ratios are low.

■ **Corporate earnings.** What matters is the expected *rate* of earnings growth. If corporate earnings are in a slump but there are *forecasts* of improvement, it could be the time to buy.

■ **Dividends.** Overseas shares tend to trade on much lower dividend yields than those in the UK, which means investors will face a cut in income if they diversify abroad. However, possibilities for income *growth* may be better than in the UK.

None of this is simple, so you should rely on a collective fund manager. If you really want diversification you can play safe by buying units or shares or shares in an "international" fund. These are obliged to diversify globally. According to Micropal, the average International Equity Growth unit trust grew by 248.5 per cent over the last ten years.

You can also gain exposure to foreign markets by buying stocks in UK companies. According to Barclays de Zoete Wedd, 47 per cent of the earnings of UK industrial companies come from overseas.

However, Simon Toynbee, of Mercury Fund Managers, suggests it is best to invest in a foreign market directly, if you want fully to benefit from international diversification.

Market overview

WORLD stock markets have enjoyed a profitable 1991, as the worst fears about the economic effects of the Gulf crisis have evaporated. The first three months of the year were the best with falling interest rates and inflation combining with the end of the war to boost share prices.

The momentum slowed during the summer and early autumn, as doubts about the US recovery, the Bundesbank's response to the costs of German reunification and financial scandals in Japan combined to give investors pause for thought.

By the end of October, the FT-A World Index had risen 14.3 per cent in US dollar terms, and 26.1 per cent in sterling terms over the ten months to November 1991. Of the individual markets, Mexico (up 131.7 per cent in local currency terms) has been the leader and Austria (down 12.2 per cent) the laggard.

The main trend of 1991 has been that the Anglo-Saxon economies of the US and UK have been out of sync with other major economies. The Anglo-Saxons are in the throes of recession, and shares have risen in anticipation of the 1992 recovery; in contrast, the economies of Germany and Japan seem to be slowing.

The key questions for 1992 are whether stock markets have been too optimistic about US and the UK, and too pessimistic about Germany and Japan.

German union to bring dividends?

GERMAN reunification dominates discussion of European markets. In the long-term, most agree that it should provide a stimulus to Western European markets.

But in the short-term, it destabilises the continent's most powerful economy and keeps German interest rates high. Taking advantage of the German situation needs courage, and good analysis.

Reunification delivered a fiscal boom just as the rest of the continent was going into recession. Then the Bundesbank raised interest rates to fight off the unaccustomed inflationary pressures which resulted. Now, share prices across the continent leap and fall at the words of Helmut Schlesinger, the bank's new president.

Crucially, opinion differs on whether the German bank rate's next move will be upwards or downwards. The bank's determination to drive inflation down to 2 per cent had led many to anticipate a rise this week. In the event, Schlesinger announced that he did not want to raise rates in the near future. This was music to many dealers' ears.

If German interest rates have peaked, then Europe could be about to deliver strong growth. The Standard Life view is bullish: "At the moment German stocks are looking cheap, and it seems silly not to be there." However, Barfield makes clear that it is necessary to take a medium-term view. Toynbee agrees that ratings look very good in the German market compared with the multiples elsewhere. He also applies a caveat on short-term prospects.

The pattern of high real (minus inflation) interest rates is common across Europe. France, with real interest rates approaching 7 per cent, appears to offer good value. Rates this high seem unsustainable in the long term, say many commentators. Peter Oppenheimer, chief economic strategist for Hambros, likes the value on offer there.

Britain's membership of the European exchange rate mechanism alleviates many exchange rate worries, although it has not greatly affected investment strategies.

Unit trusts have barely risen over the past year and over five years average growth is a poor 13.3 per cent. However, over 10 years Micropal shows average growth of 413.8 per cent.

Far East: the case for growth

THE long term arguments for investing in the Far Eastern markets have always been based on the higher economic growth rates of the region.

Fortunes have been made on the back of the Japanese economy's strong performance. In the 1960s, the Nikkei-Dow and the Dow-Jones indices were both trading at 1,000. Since then the Japanese market has risen as far as 38,000 – and is still over 24,000 – while the US index has struggled to 3,000.

Nowadays, these arguments are more regularly advanced on behalf of the other Far Eastern economies rather than of Japan.

Tokyo has been hit by scandals and by a reaction to the stratospheric price-earnings ratios on which Japanese stocks were trading at the height of the bull market.

Perhaps the reaction has been overdone. Michael Hart, joint manager of the Foreign & Colonial Investment Trust, says: "The market had such a tremendous decline that there is the possibility of quite a good recovery, but we are confining our purchases to the exporting companies, which are on lower earnings multiples."

Nils Taube, chairman of J Rothschild Investment Management, says: "The yen looks very attractive and the Tokyo market could follow it up."

The other Far Eastern markets can have periods of excellent outperformance but are volatile and illiquid. Small investors should confine holdings to one of the regional collective funds.

Over five years, the average Japanese unit trust is up 41.9 per cent; the average Far East (including Japan) fund up 31.4 per cent; and the average Far East (excl Japan) trust up 49 per cent.

The US: cause for concern

INSTITUTIONAL investors are worried by the prospects for equity markets in the US.

Interest rates are at their lowest for more than a decade, suggesting that the authorities may have primed the pump as much as they can. The economy, having led the world into recession, is still not showing any convincing signs of leading it out. Stocks surged earlier this year and may have no further to go.

The recovery in confidence also lifted the bond market, and made equities look relatively cheap. Now, p/e ratios are very high, reflecting optimistic forecasts for corporate earnings growth next year.

Many UK analysts are sceptical. The view of Michael Hart, of Foreign & Colonial, is typical: "We are a little bit nervous about the US at present, given the current ratings. There is hope longer term, however, with interest rates coming down and the possibility of the inflation numbers remaining quite favourable and the potential for a pick-up in earnings."

Exchange rates might offer some encouragement to UK investors. According to Oppenheimer, "There are some reasons for thinking that the dollar may strengthen again." Although he thinks the Federal Reserve will try to maintain interest rates at their current level, rates could increase again, just as German rates begin to fall. That should help the dollar to appreciate which would be good news for anyone investing in the US via a sterling-denominated fund.

Hambros has decreased its weighting in the US this year, but it is still not underweighted. Another point made by Oppenheimer is that markets usually show two stages to a recovery – the first is characterised by a bond market rally and a re-rating of equities, once the slump in economic growth has reached its bottom. This predicts earnings growth.

However, equity prices should also rise in a second phase, when earnings growth actually arrives. This phase might yet come in the US.

Certainly, long-term US performance still looks unimpressive in spite of the recovery over the last year. Micropal figures show that North American unit trusts have risen by 44.8 per cent over the last year, but by only 21.7 per cent over the last five.

T &C is safe with the Woolwich

***David Barchard** explains the implications of last week's merger between two building societies*

WHAT difference does news of the proposed merger between Town & Country building society and Woolwich make to the members of both societies?

In normal times, the members – that is to say the depositors and borrowers – of a building society which is swallowed up by a larger one can look forward to a bonus. This is because members own building societies and can expect to be compensated for handing over ownership to someone else, in this case the members of a larger society.

Their approval has to be sought at a vote in a general meeting. In theory, the bonus is not simply a sweetener to members for approving the deal, but a payment which arises from equalising the level of the reserves between the two societies.

It is an open secret that this particular merger is a shotgun wedding arranged by the industry watchdog, the Building Societies Commission, after T&C ran into heavy losses on its mortgage book.

Under these circumstances the T&C members can expect only a very low bonus, if they get any at all. The press was quoting Woolwich sources this week indicating that the bonus might merely be 0.5 per cent – £5 per £1,000 of deposits.

This is better than nothing. But some classes of customer may wonder what will happen once the merger is through. They will be getting rates set by the Woolwich and large societies tend to offer savers slightly lower rates than smaller ones.

T&C has 40,000 credit card customers. Will Woolwich want to expand this business and keep rates competitive? Or will it keep credit card interest rates high, or perhaps even sell the whole business off to someone else, as Chase Manhattan did earlier this year? Only time will tell.

Some T&C customers, and perhaps those of other building societies, may be asking themselves whether they have anything to worry about.

The answer is a firm no. UK building societies are the safest refuges for your money. They are tightly regulated by the Building Societies Commission whose main duty is to protect savers and their deposits. Because of this T&C has been forced to merge with Woolwich even though it had a very strong capital base and reserves.

If it had been a bank, there would be no suggestion of T&C merging with a larger partner. Several of the high street clearers have slipped into the red in recent years. Building societies are not allowed to do that.

Some may ask what would happen if a lot of societies were to go the way of T&C. It is not an unreasonable question: in the US the savings and loans industry is in deep trouble.

But there are two points. First, as far as can be told, there is indeed a handful of societies which may make a loss next year, but they are all small and the commission will surely cope with them swiftly and efficiently.

Second, there is a world of difference between a building society making a loss and actually becoming insolvent. It would take several years of loss-making to eat away the reserves of a building society.

Leeds Permanent, the fifth largest society, this week showed that it could push up its profits to new levels in spite of losses on some of its loans.

If you are investing large amounts, perhaps it is wisest not to keep all your eggs in one basket. There is a deposit protection scheme for building societies which covers 90 per cent of your money up to £20,000 in each institution. In other words, you would get back £18,000 from each society.

So if you think a financial cataclysm may be nigh, spread your risk by having accounts with several societies and never keep more than £20,000 with any single society.

BT deadline nears

THERE ARE only nine days left for those who want to register for incentives with the BT Share Information Office – and earn a potential 50p off the cost of each share in the forthcoming offer.

The last date for registration is Monday November 18, which at least gives potential investors the chance to scrutinise the pathfinder prospectus, which will be issued this Wednesday.

Maureen Lipman's television adverts have already done the trick in attracting 3.5m people to register. Registration does not commit you to buy shares but is necessary if you want to be eligible for subsequent discounts or share bonuses.

To register with the office, call 0272-272272. When you call, you will be asked whether you want to use a share shop, which will give you greater preference when it comes to share allocation. There are eight share shops: Abbey National, Bank of Scotland, Barclays, Lloyds, Midland, NatWest, Norwich and Peterborough Building Society and Sharelink.

The shares will be paid for in three instalments. On the first instalment, private investors will receive a 15p to 20p discount off the price paid by the institutions for the shares.

They can then opt for one bonus share for every ten they hold, up to a maximum of 150 bonus shares. To qualify for the bonus, however, they need to hold the shares until December 31 1994.

Alternatively, they can opt for 15p per share discounts off both the second and third instalments on the shares, payable in July 1992 and March 1993 respectively. Discounts will only be given on applications of up to 1,000 shares.

Philip Coggan

Mutual suspicion

SCOTTISH Mutual policyholders must decide the fate of the company on Monday.

The board has dampened some of the initial objections to its proposed takeover by Abbey National. But there are still several senior figures in the insurance business who object to the move.

John Young, former chief executive of the Stenhouse Group, a retail insurance brokerage, described the takeover document on which votes will be made as "almost unintelligible to the vast majority of policyholders".

He suggested that existing policyholders could get the best value by remaining in a closed fund. "Existing policyholders have a unique opportunity to join a small, select band who have the good fortune to be members of a well established life fund, which is closed to new entrants. Low expenses mean enhanced bonus prospects."

That means voting against the special resolution, according to Young. Another group of dissidents, including Charles McCann, a leading Glasgow independent intermediary, met the Scottish Mutual board two weeks ago and came away satisfied on some points, but not on others.

They still recommend voting against the takeover and say alternatives to the Abbey National do not seem to have been explored. They are also worried about the way the life fund's surplus will be used after the office has been mutualised. Douglas McGhee, a policyholder said: "The most perturbing feature of the meeting was about the surplus created on demutualisation. I was unable to be satisfied that an equitable proportion of that surplus would find its way to the with-profits fund."

John Authers

Prudence and the Pru

THE ARMY of men from the Pru has a new product to offer to consumers – the Prudence Bond.

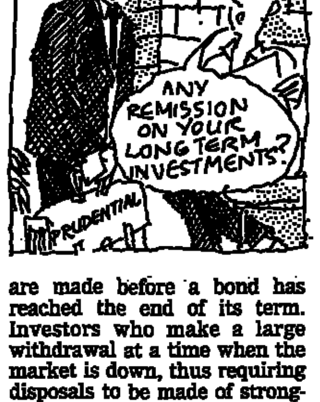
Would consumers be prudent to buy one? The Prudence Bond is a with-profits, single-premium contract, available only through a lump sum investment (minimum investment is £3,000). It is most obviously comparable to a unit trust.

The with-profits structure is good for nervous investors. Annual "reversionary" bonuses are added to the value of the bond, and there is also a final "terminal" bonus. This smoothes the troughs and peaks of the market, and makes for more predictable performance than you get from a unit trust. The bond also has a fixed maturity date, usually after five or (as Prudential recommends) ten years.

If you want to make a withdrawal, the maximum you can receive is the total of reversionary bonuses since the bond started, plus the current terminal bonus. Currently the reversionary bonus is 9.5 per cent, and the terminal bonus 2.5 per cent, making a total return of 12 per cent.

Reversionary bonuses, once declared, cannot be taken away if you keep the bond till maturity. Thus the value of the investment should steadily and predictably increase.

However, Pru has aroused the ire of some advisers by retaining the right to make a Market Value Adjustment (MVA) if "large" withdrawals



are made before a bond has reached the end of its term. Investors who make a large withdrawal at a time when the market is down, thus requiring disposals to be made of strongly-performing stocks within the fund, may find that some percentage points are shaved off their bonuses.

The Pru says the point of the MVA is to protect people who do not withdraw early, and it should only be applied when the market is doing very badly.

But the Prudential has placed no formal limits on the amount it could cut from bonuses. This means that the value of an investment can go down, in nominal terms, if you surrender early. The Pru stresses that this is a long-term investment. This is an improvement on some marketing for with-profits bonds earlier this year, which compared them to building society accounts, but this "get-out" clause must damage the secure image of the product.

All gains on the bond, when realised, are counted as income for tax purposes. The fund pays basic rate tax, so basic rate taxpayers do not need to pay any tax on the final lump sum they receive. This could be a significant advantage over unit trusts, if your annual capital gains are above the exemption limit (currently £5,500).

Prudential is also offering a guarantee that the bond will not fall in its nominal value if held for ten years. This might sound generous. But bank current accounts can also make this guarantee. None of the 345 unit trusts with ten-year records is now worth less than it was ten years ago (after reinvesting income), according to Micropal.

This new bond is only being sold by Prudential's directly appointed sales force, with a straightforward 5 per cent initial charge. It is separate from Pru Holborn's Prudence Bond launched earlier this year via independent intermediaries.

The Pru Holborn version is still available. There is a case for using a fee-charging independent adviser and buying one of these bonds on an execution-only basis.

As Prudential pays advisers a commission of 5.45 per cent even if they do not want it, this can be rebated to the customer, enhancing the value of the investment.

John Authers

Studying the options

*Losing your job could cost more than you think, says **David Cohen***

A PERIOD OF rapid growth in share option schemes, followed by a painful shake-out from the upper echelons of UK management, has produced a crop of disappointed ex-optionholders.

The $64,000 question is whether a dismissed executive is entitled to be compensated for the loss of a share option.

A share option is a right to buy a company's shares in the future at a price fixed when the right is first created, usually the market price at that date. If the price moves up during the option period, the executive will have a notional profit which he can subsequently realise by "exercising" his option and then selling the shares at their enhanced value.

But scheme rules almost invariably prohibit exercise before the third anniversary of the date of granting. And if an optionholder loses his job, his rights will normally be cancelled. So an executive who is sacked before he can cash in a lucrative option will miss a money-making opportunity.

That was the fate of Neil Micklefield, who was granted a share option on February 19 1985. On February 3 1988 he notified his employer that he intended to take up the option at the earliest possible opportunity, ie on February 19 1988. Over the three year option period the share price had soared from 20p to £1.47. With an option covering 81,250 shares, Micklefield was poised to rake in a £103,000 bonanza.

But before that happy day could dawn the prize was snatched away. On February 11, Micklefield was dismissed with immediate effect, even though his employment contract stipulated a six-month notice period. The clear consequence was that his option was extinguished. Micklefield could not dispute this. What he did dispute was the right of his employer to deprive him of the option without compensation.

The general rule is that an employee who is wrongfully dismissed is entitled to be put in the same financial position as if he had been given proper contractual notice. Suppose, for example, that an executive with a company car is unfairly sacked without notice when he has a right to six months notice. Included in his claim for compensation will be an amount to cover the cost of hiring his own car for that six month period.

By this logic Micklefield's employers should have been obliged to shell out £103,000 – to restore the gain he would have realised had his employment continued for just eight more days. But share options differ from all other employee benefits in one crucial respect. They are governed by rules which almost invariably include a provision exonerating the employer from any liability to compensate disappointed participants.

Micklefield's employers had just that type of clause up their sleeves and it proved to be the rock on which his six figure claim foundered.

When the case reached the High Court last year, Micklefield's counsel deployed a range of arguments in an attempt to undermine the validity of the exclusion clause. On the one hand, he argued that it was a fundamental rule of English law that no person can benefit from his own wrongful act and that that principle would be violated if the employing company could confiscate the option without redress.

Alternatively, it was asserted that the 1977 Unfair Contract Terms Act outlawed this type of exclusion. Neither approach found favour with the judge, who ruled that the company had no case to answer.

This first decision on compensation for lost options sends a depressing message to insecure option-holders everywhere. While an executive will justifiably regard his option as an integral element of his overall remuneration, this is the only part of the package which can seemingly be snatched back retrospectively by a disenchanted employer.

So what steps can an optionholder take to try and prevent a complete write-off of his "investment"? It is virtually inconceivable that he – or indeed optionholders acting in unison – will have the bargaining power to insist on removal of the exclusion clause before options are granted. If the compensation route is thus blocked, the only slender chance would be to find a way of actually exercising the option.

But, in the majority of cases, even the most painstaking perusal of the rules will fail to detect any chink in the employer's defences. Although Micklefield's defeat will deter others, the stakes are often so high that it must only be a matter of time before another discarded director tries to persuade a higher court to overturn the Micklefield precedent.

■ *David Cohen is a partner in the City law firm Paisner & Co.*

Listen to the volume

FOR THE past four months, the FT Actuaries All Share Index. market has traded within a 5 per cent range. This is tedious stuff so it is hardly surprising that traders are reacting nervously.

Investors often find it hard to understand that volume leads price. They have been brought up to think of shares solely in terms of price. They buy at one price and sell at another, comforted by the efficient market theory that share prices discount all generally available information. What eludes them is the fact that they are concentrating on the effect rather than the cause.

Left to themselves shares would remain static, or drift lower, with market makers occasionally dropping prices to tempt a buyer. The leading stocks, however, are constantly subject to the laws of supply and demand dictated by active trade. When a price rises it does so because demand exceeds supply and vice versa.

For a healthily liquid market to exist in a given stock investors have to take more than one view of its prospects. To some a stock that analysts see as a "buy" may be fully valued; to others one which experts feel is a "sell" is a recovery situation. The price acts as a scoreboard to show whether buyers or sellers are in the ascendant, and by how much.

The basic volume of trades in Ratners, the retail jeweller, over the past five months gives a picture of events which led up to a fall in the share price.

Weekly customer trade in the stock was an average of 4.1m shares in the period June to end August. During that time the share price drifted steadily from 160p to 122p. In the run-up to the interim results, however, volume accelerated, with 14m shares traded in the week to September 6.

Clearly a new buyers had appeared as they outnumbered the previous sellers and demand pushed the share price first up to 140p. Presumably buyers took a bullish view of the coming interims, hoping that the dividend would be maintained and a forecast given of future recovery.

The results were due to be published on September 16. As the date approached the buyers clearly became nervous – volume fell to 5m shares and the price slipped. However, after the announcement of losses they were sellers to a man and the shares fell on volume of 20m and over a week.

The first part of the operation had produced the classic signal for a likely reversal in price. Following a downward drift, the sudden anomaly of higher than average volume had reflected the arrival of new buyers being matched by continued selling.

According to the text book, we should then have seen the price advance on normal volume as selling dried up in the face of continued buying. But the buyers failed to follow through in the week before the interims and light selling continued. The warning signal was hoist for all to see, and sellers took control thereafter.

Something similar happened at the oil giant British Petroleum over the same period. Over the 15 weeks to September 13, volume averaged 16.4m shares, and the shares traded between 335p and 350p.

The next week, however, volume shot up to 25m shares while the price slipped marginally to 331p. The logical conclusion had to be that the arrival of new buyers had been matched by continued selling. This was confirmed over the next two weeks as the price rose on volumes of around 25m shares a week.

Unlike Ratners, the second stage of the change in trend duly took place in mid October with the price advancing from 339p to 352p on more normal volume of 16m to 18m shares. Clearly the sellers had either shot their bolt, or been persuaded that the uplift in oil prices transformed the future for BP. On the face of it, buyers had taken up the running and the shares should have continued the trend.

Sadly it was not to be. Second thoughts took over as the third quarter results approached and word got round that BP's chemical unit would make a loss, and margins on refining and marketing were under pressure. Buyers held their hand and sellers pushed the price down.

In neither case, did the share price of Ratner of BP give any insight into the drama that took place in recent weeks. Volume, however, provided a running commentary on the about-turns by the original buyers, confirming that volume leads price.

Charles Wyatt

■ *Charles Wyatt runs an analytical service called Volume Analysis.*

Losing at cards

HOW MUCH does it cost to borrow with a credit card?

The charges you pay on them are confusing, but a report published this week by *Which?* magazine suggested that consumers are getting a bad deal.

The magazine said that the Annual Percentage Rate (APR) calculation which is used to compare credit card loan rates can be misleading. Issuers who charge from the date of the statement, rather than the date a transaction is made, have a slightly higher quote APR than the true figure. The introduction of fees means that the quoted APR is less than you will be paying, if you only borrow small amounts.

Which? said that credit card APRs had "barely changed" while bank base rates fell by 4.5 percentage points since the beginning of October last year.

However, the Credit Card Research Group disputes this. Elizabeth Phillips, director of the CCRG, admitted that credit card rate changes lag behind bank base rate shifts. But since April 10 leading issuers have cut their APR, by from 4 per cent (the Midland) to 1.4 per cent (the Bank of Scotland).

John Authers

The Week Ahead

THE WEEK'S big results are likely to start on a sombre note on Monday when British Steel announces its interim figures. The shares have recently been trading around their 1991 low of 113p, with speculation last month that the company would cut or even pass its dividend.

Interim pre-tax profits last year were £307m, while the interim dividend was raised from 2.75p to 3p. This time round, analysts are expecting a pre-tax profit of only about £10m, and little cheer to go with it. Only last month British Steel said there were no signs of the UK recession coming to an end, although customer's stocks had been run down far enough to bring demand and supply back into balance.

British Airways is expected to show on Tuesday a sharp improvement in its second quarter earnings over the meagre £9m pre-tax profit it reported in the first quarter of this year. The City expects second quarter profits to be around £125m to £130m compared with £164m in the second quarter of last year. Second quarter profits are expected to include exceptional gains of around £25m from the sale and leaseback of aircraft. The improvement reflects the general trend in the airline industry of recovering passenger traffic. BA's own traffic returned to positive growth last month for the first time since the Gulf war.

Two retailers are likely to tell different tales of life on the high street. Boots, the dependable chain of chemists, is expected to produce interim pre-tax profits of £150m on Thursday. That will represent a solid enough figure given the trading conditions although it will still be down on last year's £161m. Boots' core business are expected to have held up well in the face of the recession although the company will still be looking a bit queasy about its ill-timed acquisition of Ward White.

Burton Group, which reports its full-year results on Thursday, is looking at a pre-tax profit of only £10m – a pretty pitiful outcome for a company that controls about 12 per cent of the UK clothing market. It was exactly a year ago that Sir Ralph Halpern, Burton's flamboyant chairman and chief executive, quit the company, at a time when it was making £133m in pre-tax profits. However, many shareholders will just be thankful that the company is still around as it was forced into a rescue rights issue earlier this year. They will now be desperate to know what the recovery prospects are.

Two of the UK's troubled composite insurers, Commercial Union and Royal Insurance, will report their third quarter losses next week. CU – which has only a minimum exposure to loss-making domestic mortgage indemnity business – is expected to do better than Royal. CU's pre-tax losses are predicted to be between £35m and £50m, compared with a profit of £27m at the same stage last year. Royal could slump to a pre-tax loss of as much as £140m, compared with a £26m loss last year.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
AmBrit	5½*	4	6	3.61	Pittencrieff
Anglo Scandvian‡	92♦§	96	88	18.4	Scottish Cities
Anglo Scand'vian	102♦§	95	91	20.4	Inst sh'hldrs gp
Beazer	109§§	111	83	306.77	Hanson
Geers Gross	35*	33½	33½	5.30	Publicis
Hawker Siddeley	745§	742	640	1.47bn	BTR
Interlink Exp.	311*	308	300	50.54	Mayne Nickless
Racal Elect.	50§	54	51	692.50	Williams Hldgs.
Sovereign Oil	150*§	150	103	84.27	Neste Oy
Telfos	115*	111	83	46.02	Jenbacher
Torday Carlisle	115§	108	64	17.42	Dowding & Mills
Ultramar	311	343	277	1.15bn	LASMO

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 8/11/91. †At suspension. §§Shares and Cash. ♦ Based on estimated FAV of ASIT

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
BBS Design	Apr	246L	(720)	-	(5.43)	-	(2.1)
Bellway	Jul	9,310	(11,110)	13.8	(19.4)	11.0	(11.0)
Bibby (J)	Sept	35,300	(33,500)	20.77	(20.07)	9.75	(9.0)
Blenheim Group	Aug	26,300	21,300)	24.1	(19.4)	7.83	(6.67)
Bridport-Gundry	Jul	818	(578)	6.06	(3.41)	4.1	(3.8)
Fenner	Aug	7,440	(16,100)	5.47	(22.32)	8.55	(8.55)
Leeds Permanent	Sept	190,200	(171,300)	-	(-)	-	(-)
Low (Wm)	Sept	23,600	(21,300)	27.9	(27.44)	8.4	(7.75)
MMT Computing	Aug	1,280	(1,870)	6.8	(10.4)	3.2	(3.0)
Ramus Holdings	Jun	380 L	(583 L)	-	(-)	0.1	(1.5)
TIP Europe	Jul	6,010	(15,500)	5.1	(14.8)	1.82	(5.3)
Union Square	Mar	10,500 L	(1,600)	-	(1.4)	-	(-)
VTR	Aug	600	(1,280)	5.3	(10.6)	3.4	(3.3)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aitken Hume Int'L	Sept	2,570	(1,500)	0.5	(0.5)
Appleby Westward	Sept	655	(1,190)	3.0	(3.0)
Audax Properties	Sept	227	(192)	-	(-)
BDA Holdings	Jul	7	(1,600 L)	-	(-)
Blystad Group	Jun	1,080	(130 L)	-	(-)
British Petroleum	Sept●	371,000	(1,105bn)	4.2	(4.2)
British Rayophane	Jun	305	(657)	-	(-)
British Syphon	Jun	2,710	(1,910)	-	(-)
British Telecom	Sept	1.61bn	(1.53bn)	5.7	(5.25)
Burtonwood Brewery	Sept	3,050	(2,380)	0.7	(0.7)
Channel Tunnel Inv.	Jun	1 L	(-)	-	(-)
Conder Group	Jun	9,930 L	(9,790 L)	-	(-)
Corporate Services	Sept	523 L	(636)	-	(-)
Delyn Group	Aug	218	(315)	0.45	(0.45)
Europe Energy	Jun	134 L	(5 L)	-	(-)
Fitzwilton	Jun♣	1,510	(4,780)	1.5	(1.5)
Geers Gross	Jun	385 L	(317)	-	(1.0)
German Smaller Inv.	Sept	352‡	(278‡)	-	(-)
Grand Central Inv.	Jun	994	(571)	0.45	(0.4)
Hartlepools Water	Sept	690	(480)	21.0	(20.0)
Henderson Admin.	Sept	8,750	(8,720)	12.5	(10.0)
Ingham	Jun	28	(2 L)	1.0	(1.0)
Kitty Little	Jul	65 L	(75)	-	(0.25)
Ocean Wilsons	Jun	4,780	(237)	0.75	(0.5)
Powerscreen Int'l.	Sept	10,200	(9,000)	1.7	(1.6)
Prowting	Aug	3,010	(5,030)	1.7	(1.7)
Renold	Sept	1,300 L	(2,100)	-	(1.2)
RIT Capital Partners	Sept	4,380	(8,260)	-	(-)
Sainsbury (J)	Sept	327,500	(273,400)	2.4	(2.076)
Silvermines	Jun♣	1,410 L	(1,920)	1.0	(1.5)
Sims Food Group	Sept	3,350	(2,610)	3.0	(2.64)
Sintrom	Jun	1,890 L	(320)	-	(0.3)
St James's Place	Sept	5,400	(9,300)	1.5	(1.5)
Tullow Oil	Jun♣	65 L	(48 L)	-	(-)
Ulster Television	Jun	134	(1,320)	3.25	(3.0)
Upton & Southern	Aug	798 L	(730 L)	-	(-)
WB Industries	Jun	1,010 L	(329 L)	-	(-)
Westbury	Aug	1,140 L	(5,100)	3.25	(3.25)
Wood (SW)	Sept	99 L	(32)	-	(-)
Yorklyde	Jul	1,060	(1,360)	4.0	(4.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ♣ = Figures quoted in Irish pounds & pence. ‡ = Net revenue. ● = Third quarter figures.

RIGHTS ISSUES

Pict Petroleum is to raise £12m via a 2-for-5 rights issue at 84p.
Sims Food Group is to raise £13.5m via a one-for-five rights issue at 282p.
TIP Europe is to raise £29.2m via a five-for-six rights issue at 40p.
Union Square is to raise £6.4m via a 2-for-1 rights issue at 5p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Bailey (CH)	Monday	-	-	-
BOC Group	Thursday	9.5	10.2	10.2
British Empire Securities	Friday	0.25	0.53	0.25
Burton Group	Thursday	3.0	3.0	2.0
Clyde Blowers	Friday	0.83	7.07	0.83
Ensign Trust	Wednesday	0.3	-	0.3
Euromoney Publications	Thursday	6.5	12.0	6.5
Five Oaks Investments	Thursday	0.6	0.4	-
Gleeson (MJ) Group	Thursday	2.83	7.94	3.12
Honeysuckle Group	Thursday	-	-	-
Jessups	Wednesday	2.25	4.75	1.5
Scottish Value Trust	Wednesday	-	0.75	-
Sidlaw Group	Monday	3.0	5.0	3.3
Tomkinsons	Wednesday	3.5	8.0	3.5
Wardle Storeys	Monday	4.0	11.0	4.0
Wellcome	Thursday	1.5	5.0	3.0
INTERIM DIVIDENDS				
Allied Irish Banks	Tuesday	3.5	4.25	-
Amersham International	Monday	3.7	8.1	-
Bank of Ireland (Gov & Co)	Thursday	4.0	7.0	-
Betterware Consumer Products	Monday	1.35	3.3	-
Bimec Industries	Monday	0.5	1.0	-
Body Shop International	Tuesday	0.52	0.7	-
Bogod Group	Thursday	0.1	0.22	-
Boots Company	Thursday	4.1	7.5	-
Bristol Evening Post	Thursday	3.75	7.75	-
British Airways	Tuesday	2.8	6.05	-
British Steel	Monday	3.0	5.75	-
Cater Allen Holdings	Thursday	6.0	19.0	-
Crean (James)	Tuesday	10.47	-	-
Electrocomponents	Wednesday	1.8	4.8	-
Explaura Holdings	Friday	-	-	-
FKI	Wednesday	2.0	1.3	-
General Accident	Tuesday♣	9.7	17.05	9.7
General Consolidated Inv. Tst.	Wednesday	4.3	6.11	4.3
Great Portland Estates	Tuesday	3.4	6.6	-
Hartstone Group	Thursday	1.25	2.0	-
Heath (CE)	Thursday	7.5	18.37	-
Land Securities	Wednesday	5.5	14.25	-
Leigh Interests	Tuesday	2.4	5.24	-
London & Metropolitan	Thursday	-	-	-
Marshalls	Tuesday	1.25	3.75	-
Merchant Retail Group	Monday	1.1	1.3	-
Meyer International	Tuesday	4.2	12.3	-
Midland & Scottish Res.	Thursday	-	-	-
Padang Senang Holdings	Monday	-	0.6	-
Personal Assets Trust	Monday	-	1.5	0.75
Portsmouth & Sunderland News	Thursday	2.6	5.64	-
Powell Duffryn	Thursday	6.6	16.0	-
Regalian Properties	Wednesday	1.5	2.9	-
Rexmore	Thursday	0.7	1.55	-
Royal Insurance Holdings	Thursday♣	11.25	14.75	11.25
RPH	Friday	-	-	-
Shell Transport & Trading	Thursday♣	8.4	11.7	8.9
Shires Investment	Thursday	4.1	5.8	3.9
600 Group	Thursday	1.5	1.0	-
Sonic	Friday	-	1.0	-
Staveley Industries	Thursday	2.3	6.9	-
Tie Rack	Thursday	-	-	-
VSEL Consortium	Wednesday	7.0	15.5	-
Waddington (John)	Wednesday	3.6	4.3	-
Warner Howard Group	Wednesday	1.75	3.45	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ♣ = Third quarter figures.

FINANCE AND THE FAMILY

How to . . . deal with rights issues

When to part with your money

PRIVATE investors probably made up the majority of those few shareholders who took up the recent British Aerospace rights issue. They agreed to do so at 380p, even though they could have bought BAe shares in the market at 363p, the day before the issue closed.

The offer showed how private investors can be caught out by rights issues. They may not understand what a rights issue is. Or they may not have the money to take up their rights. And even if they have the cash, it can be hard to gauge whether taking up the rights is a good idea.

What is a rights issue?

A rights issue occurs when a company issues new shares to raise additional capital. It might want to open a new factory, or make an acquisition. Alternatively, it may simply want to raise money to pay off its debts.

The term "rights issue" is used because, in the UK, existing shareholders have first claim – *pre-emption rights in the jargon* – *over new* shares that companies issue.

Under a rights issue, existing shareholders are offered new shares in proportion to their current holdings. They may be offered, for example, one new share for every four they already own, a so-called one-for-four issue.

The discount

Rights shares will be offered at a discount to prevailing market prices, as an incentive for investors to buy the shares. To a large extent, this "bargain" is an illusion. The heavier the discount on the new shares, the more the price of the existing shares is likely to fall.

Take, for example, a company valued at £100m, with 100m shares trading at 100p each. The company attempts to raise £60m via the issue of 100m shares at 60p each – a one-for-one issue. An investor with 10,000 shares (worth £10,000) is convinced to take up his rights, at a cost of £6,000.

One can work out the theoretical "ex-rights" price of the shares. The company should be worth £160m (£100m + £60m) after the issue, and with 200m shares in issue, each share should be worth 80p (£160m ÷ 200m). Our individual investor will now have

20,000 shares at 80p, making his holding worth £16,000. He has made no gain or loss.

There is no certainty that the shares will trade at the theoretical price. The market could be so impressed by the company's expansion plans, or so depressed by its difficulties, that the price could vary from the theoretical level. Nevertheless, investors should not be deceived into feeling they are getting a bargain.

If investors do not want to take up their rights, they can sell them to someone else. These so-called "nil-paid rights" will have a value if the market price of the shares is above the rights price.

So in our example, if the shares trade at the theoretical ex-rights price of 80p, the nil-paid rights should be worth 20p (80p-60p). Had our investor sold his nil-paid, he would have received 10,000 × 20p, or £2,000. But his existing holding of 10,000 shares would have fallen in value from £10,000 to £8,000. Thus the sale of the nil-paid rights should compensate for any dilution of his current holding. This is one reason why shareholders like the pre-emption rights system.

Rights issues are also popular with institutions because they receive a commission for underwriting them – agreeing to buy the shares if existing holders do not.

Some companies avoid underwriting by issuing rights shares at a deep discount. But this can be a sign of weakness rather than strength, if the company was unable to persuade institutions to underwrite the issue.

Private investor strategies

So what should the private investor do when faced with a rights issue? The first thing to discover is whether you have enough money available to take up your rights. If not, then you have three choices:

■ You can wait until the issue closes. The company will attempt to place, with outside shareholders, any shares not taken up. If they do this at a premium to the rights price, the surplus is shared between the shareholders who did not take up their rights.

The risk is that a fall in the stock market might jeopardise the success of the rights issue, and cause the market price to fall below the rights price.

■ You could sell your nil paid rights in the market. To do so, sign the allotment letter and sell it via a stockbroker. But there are risks. Brian Tora, of broker Greig Middleton, says a signed allotment letter becomes a bearer security and thus there would be problems if the letter was lost.

If the investor has a small holding, then he or she could find that commission will eat a lot of the proceeds of the nil paid rights sale. With minimum commissions of £30 to £40 quite common, the potential proceeds need to be a few hundred pounds to make the sale of nil paid worthwhile, according to Peter Clark, a director of brokers Bell Lawrie White.

■ The same caveat applies to the third strategy – to take up part of your rights without investing any more cash. This is achieved by selling sufficient "nil paid" rights to raise enough money to pay for the take-up. A complex calculation is needed to work out the proportions involved – a stockbroker should be consulted.

Selling the nil-paid rights could land the investor with a capital gains tax liability, if the proceeds are greater than 5 per cent of the market value of your holding.

Taking up your rights

Even if you have the money to take up your rights, you should think carefully before you do so. Factors you should consider are:

■ Why is the company making the issue? If it is expanding, do its plans make sense to you? If it is raising the money to get out of trouble, would you be throwing good money after bad? Take advice, where possible, from a stockbroker.

■ How big is the investment as a proportion of your portfolio? If it is already a large chunk, should you be committing more money?

■ How does the market price relate to the rights price? You should monitor this very carefully to avoid the BAe problem. It helps to wait until the last minute before deciding.

Finally, if you decide to take up your rights, you just need to send off a cheque with the allotment letter to the specified address at the set date.

Philip Coggan

Unit trusts fall out of favour

UNIT TRUST sales surged in 1986. More than 150 new trusts were created and the number of unitholder accounts rose from 2.55m to 3.41m. Net investment in the sector was £5.23bn that year, more than double the total for 1985.

But most investors who plunged into the sector in 1986 have had a pretty raw deal. According to figures from Micropal, the average trust returned just 36.25 per cent over the five years (offer-to-bid with income reinvested).

Had investors simply placed their money in a Halifax Building Society 90 day savings account, they would have made 51.7 per cent (on £5,000).

So the Unit Trust Association, which had its annual dinner this week, needs to work hard to market its wares. Despite the problems of Town & Country, the British saver does not need to agonise over which building society to choose. The differences in returns will not be that great.

But the investor faces a much harder task when choosing between the 1,400 or so unit trusts. Over five years, his potential return varied between +190 per cent (Schroder Japanese Smaller Companies) and −68 per cent (Target Australian). Out of the 791 funds with a five year record, more than 60 lost the unitholder money, even with income reinvested.

Even when investors are persuaded to opt for equity-based savings, they are increasingly choosing investment trusts. Such trusts achieved a 67.28 per cent average gain over the last five years.

It may take a year before the unit trust industry has an attractive story to tell. By November 1992, the stock market crash of October 1987 will have dropped out of the five year performance figures.

The problem for the industry is that it is not allowed to make predictions of investment returns, only to refer to past performance. Yet it is almost certain that those who buy unit trusts now will do far better than those who bought in November 1986.

Then the yield on the All-Share was 4 per cent; now it is around 4.85 per cent. In other words, the income return from investing in equities is more attractive than it was five years ago; not to mention the fact that the dividend yield is higher than inflation. The relationship between gilt and equity yields – the so-called yield ratio – was then 2.6; now it is only 2. That indicates that equities currently look much less expensive relative to gilts.

Of course, there are worries. The stock market may have proved to be over-confident about the strength of the UK economic recovery and could get the jitters as the general election draws closer. London may also suffer if the US market declines.

But it seems plausible to argue that, at the least, this ought to be a good time to start a unit trust savings scheme. Building up such schemes may be a slow process, but it does help fund managers by providing a stable inflow of funds.

In the savings scheme market, unit trusts are competing head on against investment trusts, which tend to have lower costs. However, there is a chance that a widening of discounts in the investment trust sector could follow the recent spate of new issues. If that happens, unit trusts could regain favour. And if products such as Fidelity's chequing cash unit trust take off (see page II), the industry may have a better story to tell in 1992.

Philip Coggan

Best unit trusts over five years

	% gain
Schroder Jap SmCos	290.2
Newton Income	267.0
NM Australian	264.6
NM Jap SmCos	255.5
Dunedin Jap SmCos	236.4
Guin Mahon Hi Inc	231.2
Laurentian Hi Inc	219.4
BG Energy	216.1
Fidelity Euro	200.9
Eagle Star UK Hi Inc	200.3

Offer-to-bid with income reinvested over five years to November 1. Source: Micropal

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	10.25%	Yly
Scarborough BS	First Post 2	0800 590578	Instant	£1,000	11.15%	Yly
Northern Rock BS	Eclipse	091 285 7191	60 Day	£50,000	11.61%	Mly
North of England BS	Premier 60	091 565 6272	60 Day	£50,000	12.00%	½Yly
Lancastrian BS	Lancastrian Bond	061 643 1021	31.8.92	£25,000	12.35%	OM
Chelsea BS	2 Yr Option Bond	0800 272505	2 Year	£5,000	12.20%	Yly
Chelsea BS	Premier Account	0800 272505	31.12.93	£10,000	12.5%*	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.90%	Yly
Darlington BS		0325 487171	5 Year	£1	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 560 411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Northern Rock BS	Current Acc	091 285 7191	Instant	£25,000	10.71%	Mly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£1,000	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 90 Day	0624 663566	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000	12.25%	Yly
Bristol & West Intl Ltd	Double Guarantee	0481 720609	1.12.92	100,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0622 690555	1 Year	£25,000	8.60%	Yly
Financial Assurance FN		081 367 6000	2 Year	£5,000	8.90%	Yly
Prosperity Life FN		0622 690 555	3 Year	£5,000	9.00%	Yly
Financial Assce FN		081 367 6000	4 Year	£5,000	8.90%	Yly
Co-op Bank Fin Advisers FN		061 829 5562	5 Year	£5,000	8.95%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	11.00%	Mly
	10.25% WEF 28.Nov					
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

* Chelsea's account has a fixed rate till March 1, 1992. Thereafter, rates are variable. All rates (except Guaranteed Income Bonds) are shown Gross
Fixed; Fixed Rate (All other rates are variable. OM = Interest paid on maturity. N = Net Rate. B = Bond
Source: Moneyfacts. The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich.

Enterprise zones: a tax break for the bold

THE SHELTER from tax which enterprise zones can provide is diminishing. By the end of this tax year the ten original zones, created in 1981, will have expired, having completed their ten year term, and most of the remaining 17 zones are nearing maturity.

This could dampen what would otherwise be brisk business. Enterprise zones offer the most sweeping tax shelter opportunities allowed. Money invested in EZ property is deducted from taxable income, and (unlike the Business Expansion Scheme) there is no limit on the amount which can be spent. Interest payments on loans to finance the investment can be offset against rental income for tax purposes.

However, EZ investment is difficult. The tax breaks are only allowed for non-residential property, and investors must commit themselves to a 25-year term (although there are a few complicated ways around this). Managing commercial property is difficult and expensive. It is not a flexible investment.

The simplest way to invest is via a syndicated scheme, or "Enterprise Zone Trust". This allows investors to buy a share of a building which might otherwise be too expensive. The management is done for you.

However, the exit route can be messy – if you want to get out but the majority of the EZT holders do not, things could get awkward.

Now that EZ tax concessions are nearing an end EZTs are becoming more ingenious and investing in more unusual properties.

The new scheme from Laser Richmount, which will buy a four star hotel in the Dudley enterprise zone, is a case in point. It is the first EZT to buy a hotel, and the exit route is also innovative.

Copthorne Hotels will rent the building for a pre-agreed rent. A series of options has been set up to try to provide a safe exit route. Copthorne has call options allowing it to buy at fixed prices after 12, 17, 21 and 27 years. Investors have a put option guaranteeing the sale of the hotel to Copthorne on September 29 2018 at a price of £19,800 for each £6,100 originally invested, post-tax relief.

Remember that the put option will be useless if the company no longer exists.

Another trust comes from Matrix, a new entrant to the market. The Matrix Unison Trust will buy an industrial property in the Salford enterprise zone. It is aiming for a 12.2 per cent post-tax rental return. Unlike most EZTs, it is an industrial property, in an industrial area, so it is less speculative. The property has not yet been let.

Do not get carried away by the generosity of the tax incentives – exploiting the tight web of British tax laws is not for the uninitiated. Professional advice is vital.

John Authers

Directors' Transactions

IT WAS a quiet week with directors' purchases outweighing sales over the period and indeed over the month of October as a whole. The ratio of buys to sells remains bullish at 1.4 to 1, with property and engineering the most heavily-bought sectors.

Windsor, the insurance company, has recently appointed two new directors to the board, one as chief executive and the other as managing director. These two plus the chairman and several staff members bought the bulk of Wyatt Properties' stake from the receiver.

HTV has frequently been mentioned in this column over the last few months with ten directors buying at between 36p and 40p. The winning of the franchise and the announcement of a cost cutting exercise has been followed by Lady Buchanan, a non-executive director, purchasing a substantial amount of shares. Sir Anthony Bamford has bought a notable quantity of shares in Tarmac.

Alan Fitzpatrick, a founder of In Shops and now a non-executive director, sold 1m shares at 108p last year; the price fell to 73p before recovering. A recent sale by the same director reduces his holding to 4.2m shares.

Angus MacDonald,
Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Allied Textiles Co	2,640	12	1
Castle Com'cations	6,000	13	1
Eurotherm Intl	20,000	59	1
Guinness	50,000	277	1*
Halstead (James)	7,000	26	1
In Shops	1,500,000	1,275	1
McAlpine (Alfred)	28,563	56	1
Porvair	75,000	95	1
Reed Intl	27,000	136	1
PURCHASES			
Barbour Index	6,890	11	1
BM Group	25,000	107	1
Cattle's Holdings	20,000	14	1
HTV	50,000	22	1
Intl Inv Trust Comp	2,500	10	1
Psion	92,000	57	1
Tarmac	200,000	320	1
Windsor	1,500,000	182	3

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 28 October - 1 November1991.

Source: Directus Ltd, Edinburgh

MINDING YOUR OWN BUSINESS

*Margaret Thatcher's father was a shop-keeper. **Nick Garnett** visits her home town and finds its modern small enterprises struggling*

Hard times for the grocers of Grantham

MARGARET Thatcher's home town. It was once described as the most boring in Britain. But it was also the fastest growing location in one of the fastest growing regions during the mid-1980s. House prices doubled in 1988. It even became a home for long-distance train commuters working in London. But, like everywhere else, the recession hit Grantham and its tiny companies right between the eyes.

"Almost every small business is hanging on for grim death," says John Morrissey, secretary of the Lincolnshire town's chamber of commerce, the smallest in the UK. "Those who are cash rich are laughing, but there aren't too many of those. The failure rate is pretty appalling." It is not all the recession's fault. "The Cabinet encouraged borrowing and bank managers were giving money out like sweeties," says Morrissey, an accountant in Grantham. "Banks are not good vettors of businesses. Basically, they haven't a clue."

However, while some businesses went under (see story right), others have held their own and performed well. The owners of these tiny companies provide a shorthand guide to the principles of survival. These include hard work, luck, breaking a neck to keep established customers, offering a broader range of products than competitors and, above all, using sound financing.

Cycle Sport UK has a large shop in Grantham with more than 400 bikes in stock selling from between £20 for a small child's bike up to £800 for a Diamond Back mountain bike. Its owner, Paul Gray, says sales at £300,000 are up 60 per cent on last year. "What the recession has shown is that those bike shops with a poor selection struggle," says Gray. "We offer a complete range of accessories from child carriers to racks for cars and it is this complete range of equipment which appeals to people who want to have a choice of everything on one site."

The company sells to people in a wide area including Sleaford, Newark and Melton Mowbray. Gray says that he reads local newspapers to measure prices quoted by other bike shops. Prices must be keen. "The other factor is that we own this building. Rental of £300 a week for a big shop in Grantham is really crippling."

David Morris works in an altogether more sensitive industry. The 47-year-old builder set up on his own four years ago to build houses in and around Grantham. Since then, David Morris Homes has built more than 150 houses. But it has not been easy. "The value of the building land certainly rose after we bought it but when our first houses were ready for sale in July 1988, the housing boom was already coming to an end."

Since then, the company's sales have shrunk from £5m a year to £2m, Morris has taken a cut in his own salary and the company has just one new development in progress when two years ago it had four. Full-time employees have shrunk from 30 to 10. A profit of several hundred thousand pounds has now become break-even this year.

But Morris started off with a solid financial base, AMEC, the national construction company, providing much of the £900,000 start-up money. In return, it took a slice of the profits but not a shareholding in the new business. "We have made good profits up to now but we are squeezed on cash. Liquidity is a problem. We have had no facilities with the clearing banks within the last 18 months. They haven't wanted to know. We are totally on our own but at least no one has a debenture on me.

"We've come so far and with a reasonable amount of luck we'll get through. Commitment is very important. I am here at 6 am and home by 8 pm and work five and a half days a week. You couldn't survive otherwise. You've got to keep your finger on the pulse all the time. If there is a problem, you've got to sort it out then and there. You have to be entrepreneurial and you have to be out-going."

As part of that, Morris has increased sales and marketing from 3 per cent to 6 per cent of turnover. Three-bedroomed semis are being discounted from £63,000 to £58,000 and new three-bed detached homes are for sale at £66,000. Morris's wife is the company's secretary and his eldest son runs the construction side of the business, providing important family stability. "But it is still in a way a risk business and the risk we are taking is that we can sell two houses a month and make a profit."

Five shops lie empty in Grantham's high street. Developers of the newly-opened St Peter's Place shopping precinct expect no more than ten of its 40 units to be let by Christmas.

One shop where trading has kept pace with inflation is the Carol Edwards Fashion Gallery, which caters for some of Grantham's more expensive female tastes.

Steve Hallam in Catlins' 16th century bakery in Grantham. Catlins closed, laying off 100, earlier this year

The shop sells a lot of German clothing as well as British mid-range wear such as those of Frank Usher and Feminella with skirts averaging between £50 and £70.

The shop moved three years ago to a Grade II listed coach house with original oak beams which has been carpeted throughout. "Stores have taken a battering but we have done quite well and I think one of the reasons is that people like coming and shopping in these nice surroundings," says Carol Birkenshaw, the shop's sole owner. "We have built up clientele over 20 years and we still have many of the same customers. One member of staff has been here for those 20 years as well. Customers appreciate seeing sales staff they know.

"I think another reason is that we sell shoes, English and Italian, as well as fashion jewellery, so that women can come here and get almost everything they need on the fashion front in one go." Another boon in a town with a busy main road festooned with double-yellow lines is a car park directly opposite.

John Wright, joint owner of Paktronic, puts his company's success down to broadening its customer base, investment, and the relatively frugal living of its directors. Operating in Grantham for 25 years, the company makes electrical control panels and switchboards and now sells to a wide range of sectors including the sewerage industry and food processing. "That broad spectrum of customers provides us with a good cushion," Wright says. During the recession, the company's turnover has risen 20 per cent to £1.6m though profit after tax has shrunk to 10 per cent from a margin of 14 per cent two years ago. "We invest and are self-supporting, ploughing money back when we can and providing stability. But we live with a lower lifestyle than some." Wright, aged 56, drives a two litre Ford Granada GL. "I'd prefer to have a new metal pressing machine than a new BMW. We've recently had to put up a performance bond of £130,000 for a particular job and you have to have your own resources to do that."

Wright is critical of the phasing out of capital allowances. "That has been very detrimental. People would have invested far more in industry if the government had continued them. I would have bought more machines if they were tax deductible than I have in the past few years."

Grantham has a few small independent surveyors and estate agents including Goldings, founded in the town in 1900. Rob Hall, one of its senior owning partners, scoffs at the more optimistic housing market surveys by the big building societies earlier in the year. "They were just trying to talk up the market. There are sales around here but basically the market is pretty dead. Prices are not going up. A few years ago you could not buy a terraced house for £40,000. Now it's on the market for £24,000. A three-bedroomed detached has fallen from £90,000 to £60,000."

What has helped Goldings through this period has been its broad-based practice, says Hall. "We have residential, commercial and agricultural property sales and auction sales and we are now selling antiques as well as being in property management. All sectors have been hit but across this range there is usually something firing. We have managed to maintain fee income but with considerable difficulty."

Goldings, though, highlights how small companies can sometimes get the drop on bigger ones. "We sold the firm to Leeds Permanent three years ago," says Hall. "Last December we bought it back. I'm not telling you at what price but it was for a lot lower figure."

A cookie crumbles

WILLIAM Egglestone, baker, was making a flat hard biscuit known as a Grantham whetstone when a spot of incompetence with the recipe produced a crispy biscuit which from then on became known as Grantham gingerbread. That was in 1740. Since then, the site of this culinary revelation, a 16th century building in the town's high street has been a bakery and, in later years, a restaurant, cafeteria, delicatessen and wine shop as well.

A few months ago the Lincolnshire institution, more recently known as Catlins, closed its doors, a victim, along with its staff of 100, of indifferent trading and a clutch of costly changes sweeping through retailing.

The Hallam family, owners for almost 30 years of a business which also included a subsidiary bakery and two other shops, says Catlins has not gone into receivership. The family expects to resurrect the bakery elsewhere within the next year. But Stephen Hallam, managing director, says a combination of new legislation on health, the new uniform business rate and weak trading destroyed Catlins' business prospects at its main site in Grantham.

The high street site fails to meet EC requirements on the handling of food. To rebuild the higgledy-piggledy network of passages and preparation rooms would run up a bill of more than £250,000, according to Hallam. During the past year, the average spend by customers has slipped to £1.15 from £1.25, excluding the restaurant, and the number of customers passing through its doors has dropped. Even though three quarters of the site's floor space was occupied by food processing, the whole site is rated on the higher scale of "retail". As a high street location the uniform business rate is due to rise from £7,000 last year to £13,000 in five years time. That is in spite of a pavement so narrow in places that you cannot manoeuvre a pram and a total no-parking zone along the high street. At the same time, Morrisons has opened a supermarket with an installed bakery and Safeways is doing the same.

"I could have moved the bakery without shutting the business but I would have needed more than £500,000 to do it. That would have meant leaning on the bank and I am not prepared to be loaded up with borrowing and chasing volume to pay off loans. That would have been the road to nowhere," says Hallam.

Fluctuating profits and losses have always characterised the financial performance of Catlins, which had a turnover of £1m last year. Hallam says that recent changes have shredded the business's viability. The 16th century building is now on the market at £575,000.

The roar of rural peace

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I LIVE in an area of natural outstanding beauty, but my enjoyment is being spoilt by the noise from my neighbour's crop drying, which involves a large fan which causes a continuous roaring. I have had discussions with him in an effort to reduce the noise, but without success. I recognise that he needs to dry his crops and that it is seasonal, but it has gone on for two months so far this year. He lives some way away, so he is not disturbed by the noise.

What courses of action are open to me?

■ You should consult your authority's Environmental Health Department with a view to procuring service of a noise abatement notice on your neighbour. However, it may be difficult for you to convince the officers that this is a fit case for such a notice.

Country matters . . .

A FARMER owns land alongside a river. An area of land was sold approaching the river but a public footpath and the river bank were kept so that fishing rights still belonged to the farm. The river bank has varied over the years due to flooding. If the bank were sufficiently eroded does this mean that the second party would own the bank and the fishing rights?

■ The owner of the land lying inside the strip originally retained probably would not own the fishing rights; but it would require careful examination of all the respective title deeds and a careful analysis of their provisions, to determine whether in fact this is so. The law relating to the effect of movement of river beds is complex, and you would be wise to consult a solicitor.

A SECTION of woodland projects into pasture land. Approximately 20 years ago the woodland was sold on the condition that the new owner should "erect and maintain a stock proof fence". Both pasture and woodland have now changed hands. The fence is in a poor state of repair and should be renewed. The pasture land is grazed and there is a danger that animals getting into the woodland could stray into a busy road. In spite of a solicitor's letter the owner of the woodland refuses to repair the fence. If the new owner of the pasture were to erect a fence what chance would he have of enforcing payment from the owner of the woodland? Locals suggest that a person should fence against his own stock, but it is stated in the deeds of the property that the owner of the wood is responsible.

■ You cannot enforce a positive covenant (ie to fence) after the original covenanting parties have ceased to own the parcels of land in question. If you fence your own land to prevent stock from straying you cannot require a contribution from the defaulting owner of the woodland.

. . . Town troubles

I LIVE on a road on both sides of which are green areas between the footways and the highway. These were apparently registered as "village greens" in 1976. There are tracks along parts of these green areas which have for many years given vehicular access to some of the houses and where some people, in the absence of garages, park their cars, leaving the highway clear for traffic. Where there are no such tracks, vehicles are parked on the highway. As part of a proposed "re-instatement" of the greens, the town council wants to do away with these tracks and effectively to prohibit parking on them. I have heard that where such tracks have been used for parking for a long time, the usage itself sanctions the continuance of the practice. Is this so?

■ The usage which you describe would not give rise to an easement or other legal right to park cars either on the highway or on the areas which are village greens. The council is acting correctly in seeking to restrain parking. Anyone claiming any adverse right over the greens should have registered such a claim when registration under the Commons Registration Act 1965 was effected, seemingly in 1976.

FOOD AND DRINK

When the British know best

***Jancis Robinson** meets a Breton couple whose wine appeals more to the UK than France*

WHAT SORT of a wine would find itself far more popular in Britain than in its homeland, France, selling four out of every five bottles produced to the British?

No, not Piat d'Or, the wine writers' Aunt Sally. This is a proper, domaine-bottled wine made on a single, identifiable patch of French soil at the end of a dirt track where very few British feet have trod.

Domaine de Limbardié's success in Britain is all the more extraordinary when one considers three factors:

■ that it is one of literally thousands of small wine properties in the Hérault departement, where the *big problem is wine surplus*;

■ that the property's first vintage was in 1987;

■ that its owners speak hardly a word of English and made their first trip to Britain only last July. This was long after their wine had become a firm favourite with customers of such discerning merchants as: The Wine Society, Stevenage, Herts; Davisons; Adnams of Southwold, Suffolk; Lay & Wheeler of Colchester, Essex; Tanners of Shrewsbury, Shropshire; and, in London, Fulham Road Wine Centre of SW10, Barnes Wine Shop of SW13, Morris & Verdin of SW1 and Haynes Hanson & Clark of SW6.

Henri Boukandoura and Madeleine Hutin are originally from Britanny. As students they used to trek south for the grape harvest year after year, and realised that life as vignerons would allow them a rare opportunity to produce, market and sell something completely natural. Their friends, the Teisserencs, of Arjolle, (whose well-made wines are also available from the Wine Society, Adnams and Justerini & Brooks of Edinburgh and St James's, London and) heard of a small local property for rent just outside the St Chinian appellation.

Boukandoura claims they are pleased to be free of the constraints *of the Appellation Contrôlée* regulations even if the French are prejudiced against non-appellation wines. "Here you can't take a bottle of Vin de Pays des Coteaux de Murviel to dinner; it has to be Bordeaux," he says.

The property, on the sun-baked plain between Beziers and the Cevennes, came complete with its own cool, if somewhat dilapidated, winery. But, more extraordinary than providing ready-made vats for these fledgling winemakers to play with, was that superior grape varieties, notably Merlot and a bit of Cabernet Sauvignon, were planted as far back as 1981 – almost prehistory as *far as the quality explosion of the* Midi's Vins de Pays is concerned. This has given Boukandoura and Hutin a head start in the drive to provide southern copies of bordeaux at a fraction of the price.

British wine merchants charge about £3.75 for the red wines of Domaine de Limbardié. (Although the capital letters on the label do not make this clear, the last syllable rhymes with "they" rather than "he", which is appropriate since this couple give the impression that every step they take is the result of detailed and equitable discussion.)

The reds, quite rightly, vary from year to year – and the current 1990 *vintage is leaner and more herba*ceous than its predecessors thanks to the Cabernet that bulks out the more usual Merlot. They demonstrate eloquently that you do not need formal training, oak barrels, stainless steel, hand picking or even a hillside site to make seriously good, supple wine.

The couple also make a popular fruity rosé by bleeding off a Syrah/Grenache blend and are desperately, and quite needlessly, ashamed of a lesser red, a Carignan/Grenache blend called Domaine de la Masette selling well at about £3.30 a bottle chez Davisons, Adnams and Morris & Verdin.

The key to this enviable British distribution network is Charles Blagden, an English wine broker who had the good sense to marry a Frenchwoman and settle in Provence years before Peter Mayle. He tasted a sample of their maiden 1987 vintage and his only problem since then has been matching demand.

"It is rare", he remembers, "that you find someone who has never exported anything before and makes such good wine." Domaine de Limbardié is nowadays recommended in the French wine buyer's bible, *Guide Hachette*.

The irony is that, as Blagden turns away orders, half of Domaine de Limbardié's 30 hectares stand unplanted because the owners took advantage of the bribes from Brussels that have for the last few years encouraged Midi vine growers to pull up their vines to reduce Europe's wine surplus.

The Breton couple, originally and optimistically, planned to combine *winemaking with running a riding* centre. A picture of a frisky but phantom horse on their label is as far as they have got, but it probably has not done them any harm in capturing the attention and enthusiasm of the British.

Capital eating at digestible prices

***Nicholas Lander** looks at what is interesting and good value on the London restaurant scene*

Adam and Katie Robinson, with their baby, Adelaide, outside their restaurant, The Brackenbury, in Shepherd's Bush

IF TIMES are so bad and restaurateurs complaining so loudly, why is it still difficult to make a reservation wherever and whenever you want? This is such a simple question that no observer on today's restaurant scene can give a straightforward answer.

There are certain restaurants doing more than enough to stay busy: they have found a good location, they serve interesting, well-priced food and their proprietors work hard to please customers and manage staff.

Restaurants which have opened recently may have attracted press coverage as well as clients who like to visit a new establishment just to say they have been.

The number of new restaurants that has opened is not, however, a reflection of the present state of the industry's profitability. Restaurants take a long time to translate from conception to reality, whether they are designed down to the last detail, such as Sir Terence Conran's new venture near Tower Bridge, Le Pont de la Tour (tel: 071-403 8403), or whether they aim to be good neighbourhood restaurants, such as The Brackenbury near Shepherd's Bush (081-748 0107).

Conran and his partner, Joel Kissin, first started planning their 190-seater restaurant three years ago, almost at the same time as Adam and Katie Robinson began dreaming of their place. The Brackenbury seats 65 and has opened now only because the Robinsons signed their lease in the middle of the Gulf War – in spite of professional advice to the contrary.

There are two preferred seasons for opening; spring is favoured by some but most restaurateurs and their backers go for autumn, with the prospect of rich pre-Christmas pickings.

Generally speaking, nearly all restaurateurs are finding that although business can be very good, it can also be very uneven. A busy Tuesday will not necessarily mean a hectic Wednesday and this presents management problems. It means that if you cannot book a table midweek, try the normally quieter Monday or Friday nights.

Second, the number of empty restaurants, and the general lack of confidence among potential investors, has forced the shelving of plans for many new establishments. For reviewers, and for those who like to visit restaurants in their infancy, 1992 is likely to be a quiet year.

Nonetheless, London has its share of new and interesting places. Here is a guide to some of the most reliable (all phone numbers take the 071 prefix unless stated):

HOTELS: These offer some of the best value at lunchtime – particularly if you like space between tables and constant attention. The re-opened Dorchester in Park Lane offers a £20 set menu in its Oriental restaurant (629-8888); along Piccadilly, the Oak Room at Le Meridien (734-8000) offers lunch at £23 and in the evening a "menu gourmand" devised by *Michel Lorain, the three-star* chef from Burgundy, at £44.

Also good value are the dining rooms at the Capital, Basil Street, SW1 (589-5171), the Four Seasons at the Inn on the Park (490-0888), and the transformed restaurant at the Churchill (486-5800)

WEST END: Alastair Little now has a three-course lunch menu for £18 (734-5183) and, further along Frith Street, there is a £17 menu at L'Hippocampe (734-4545) which also offers a dozen oysters at £7.95. La Gaulette is an interesting Mauritian fish restaurant in *Cleveland Street (580-7608)*; L'Estaminet (379-1432) has just opened opposite the Garrick Club; Soho Soho has had a £500,000 facelift (494-3941); and Smith's in Covent Garden has a new chef (379-0310).

For Indian food, there is Lal Qila (387-5470); and, for Japanese, the restaurant in the basement of the Mitsukoshi department store (930-0317) is worth a visit. For a mixture of Japanese and French, try the new, plush Mirabelle (499-4636); for Thai cooking, the Sri Siam in Old Compton Street (434-3544). Close to Harley Street, Jason Court *(224-2992)* has a new chef and interior and a fresh lease of life.

THE RIVER: In spite of the Thames bisecting London, few restaurants have river views. The most impressive is still from the Savoy Hotel's River Room (836-4343) but others close to the river which can be recommended include the River Café (381-8824), the Blueprint Café (378-7031), Café Pelican du Sud in Hays Galleria (378-0097) and, nearby, Circle East (403-9996) which serves Malaysian/Thai food. Close to Waterloo Bridge is the RSJ *(928-4554); while in London's* last private dock, Ransome's Dock at Battersea, Le Chausson (223-1611) is run by Eric Marin and his Irish fiancée, Carol.

THE CITY: Recent cost-cutting at both corporate and personal level have taken their toll, mainly of of ambitious restaurant plans hatched late in the 1980s. Among those restaurants which continue to offer good value are Alba (588-1798), Brasserie Rocque in Broadgate (638-7919), La Truffe Noire (378-0621), and Café du Marché (608-1609). Towards the north *of the City, the food in Farring*don Road has improved dramatically since the opening of the Quality Chop House (837-5093) and, almost opposite, of the *Eagle (837-1353)*, a pub which serves excellent Italian food with a wide range of beers but does not take bookings.

NEIGHBOURHOOD RESTAURANTS: Adams Café in Shepherd's Bush, (081-743 0572) is by day a simple café, by night a most reasonably-priced Tunisian restaurant. In Portobello Road, Notting Hill Gate, W11, there is First Floor (243-0072); in South Kensington, Gilbert's (589-8947); and, in *Chelsea, Monkeys (352-4711)*.

Near Primose Hill, in NW1, there is Odette's (586-5486); while on the Finchley Road, in north London, you will find Laurent (794-3603) for Moroccan food and Wakaba for Japanese food-lovers (722-3854).

For exciting Italian food, the choice is now much wider; the Billboard Café in Kilburn High Road, NW6 (328-1374); Florians of Muswell Hill (081-348 8348); Osteria Antica Bologna, Clapham (978-4771); Riva in Barnes (081-748 0434); and a recently-opened Italian fish restaurant, L'Altro (792-1066), in Kensington Park Road, Hammersmith.

*For the warmth of the wel*come, the cooking and the delicatessen next door, there is Sonny's in Barnes (081-748 0393); and, for inventive cooking, Bistrot 190 near the Albert Hall (581-5666 - no bookings taken). More conservative French food with a wide-ranging wine list is available in the the revamped Mijanou, Ebury Street SW1 (730-4099). For those who live around W8, or for anyone who likes to eat in one *of London's most charming* parks, there is the Belvedere in Holland Park (602-1238) which opened in July after a £1m face-lift.

Festive food buys/**Philippa Davenport**

Meats and other treats for Christmas

CHRISTMAS hampers are like the curate's egg, excellent in *parts. Given that* tastes are so personal, it is unlikely that everything a hamper contains will appeal to any one person. There is something sadly anonymous about those wicker coffers and baskets, a hint of the Lady Bountiful about them and a touch of the tombola too. I would much rather give – and receive – an individual parcel of good food sent direct from producer to recipient with no wicker-hampered *middleman*.

Dealing direct means the present can be tailored precisely to the tastes of the recipient – nothing but chocolates for the chocoholic, *beautifully* hung and butchered meats for the old-fashioned carnivore, and so on. Billy Bunter quantities of just one thing set the saliva sprinting. The pleasure and excitement of opening, say, a crate of your favourite apples, a barrel of oysters or a *truckle of cheese, is muchgrea*ter than dipping into a brantub mix with a little of this and a bit of that.

Here are some suggestions for items which seem splendidly indulgent and have a proper sense of Christmassy excess about them – although most are more modestly priced than many a mediocre hamper.

There is space only to give a small taste of what each company offers. Ring or write to the company concerned enclosing a SAE for full details. Do *not* leave it until the 11th hour. Most companies cannot meet Christmas orders placed after *December 9, and the sooner* you contact them to order the more successful you are likely to be. Deliveries can be worked out to suit individual requirements, and messages of greeting can be enclosed with parcels intended as gifts. The phrase p&p given below refers to delivery by whatever means the company uses.

Delivery by special courier has already established itself as a highly satisfactory way to buy top quality meats for Christmas. Judy Goodman of Goodman's Geese (Great Witley, Worcs WR6 6JJ tel: 0299-896272) is well-known for *the excellence of her white*-feathered, golden-skinned geese. Organic farmers Bill and Charlotte Reynolds of Swaddles Green Farm (Buckland St Mary, *Chard TA20 3JR tel:* 0460-234387) win applause for their flavoursome American bronze turkeys, and Jonathan Blackburn's Pure Meat Company (Moretonhampstead, Devon tel: 0647-40321) is famed for its birds within birds, boned and stuffed Russian doll *style in threes or fives ready* for roasting. Anne Petch of Heal Farm (Kings Nympton, Umberleigh EX37 9TB tel: 07695-2077), pioneer of "real" meat production and efficient countrywide home delivery service, is second to none for meats of all sorts. She is probably best known for her supremely good hams, bacon and sausages, and Christmas would not be Christmas in this house without a large joint of her magnificent Red Rubies beef, hung in the side for a minimum of three weeks.

The very latest meat delivery service launched this week *is Highland Venison (Gran*town-on-Spey Morayshire PH2 63BR. Tel: 0479-2255). Its wild meat is the produce of a consortium of Scottish estates.

■ Crapes Fruit Farm, Rectory Rd, Aldham, Colchester CO6 3RR Tel: 0206 212375. The Tann family have been growing fine fruits for nearly 70 years and are famed for their apples. Their most popular Christmas present is a 5 lb box of apples chosen for their keeping qualities, a mixture (all labelled) including old favourites such as Ribston Pippin, Orleans Reinette, Kidd's Orange Red, D'Arcy Spice and some surprises. *Cost: £7.50* inc p&p. Other unusual apples not available in quantity, and medlars, are also on sale now – but not at Christmas - to personal shoppers only.

■ Meg Rivers Cakes, Middle Tysoe, Warwickshire CV35 OSE. Tel: 0295-888101. Here are cakes as you would bake them yourself – if you had time – made with butter, free range eggs, raw sugar and organic flour, no marg or nasty E numbers. Christmas cakes and puds come in many variations to suit all tastes. Other cakes include seed cake, ginger cake and "loaf cakes" packed solid with whole nuts and apricots or dates, a-meal-in-a-slice just right for slipping into the pockets of huntin', shootin' and fishin' folk. Average cost: £11.50 per 1 kg cake inc p&p.

'Go for Billy Bunter quantities of your food favourite'

■ Wendy Brandon, 110 Stamford Avenue, Brighton BN1 6FE. Tel: 0273 502947. Marvellous hand-made preserves, classic and innovative recipes, high on flavour, low on sugar *and salt. Current favourites for* the well-dressed larder, better breakfasts and Christmas cold table include gingered fig chutney, hot tomato pickle (smooth Indian-style made with oil), *mostarda di frutta*, Escoffier's sweet pepper chutney, marmalade with molasses and rum, *grapefruit marmalade* with elderflower, quince and medlar jellies, spicy pineapple pickle and very hot tomato chutney. Cost: £1.95-£2.40 per jar plus p&p per delivery address.

■ Mere Trout Farm, Warminster, Wilts BA12 6EN. Tel 0747- 860461. For those in *search of something a little* less obvious than smoked salmon, but not outrageously different, cold smoked trout could be the perfect solution. Quite unlike hot smoked trout, this is more like a delicate variation on smoked salmon (but cheaper). My family prefer it. Serve it just like smoked salmon or with a salad of watercress and juicy ripe pears. Available in 1 lb sides, hand sliced, interleaved and laid back on the skin at £10.45 inc p&p, or in unsliced sides at *9.45 per lb inc* p&p.

■ Cuan Sea Fisheries, Sketrick Island, Killinchy, Co Down BT23 6QH. Tel: 0238-541461. What better feast for cook's night off than fine farmed gigas to gulp down raw with bread and butter and a bottle or two? Or use the molluscs to sauce and/or stuff the Christmas bird. Cost: £12.00 for 2 dozen oysters delivered by 24-hour shore-to-door service, or £12.48 if you want the oysters *in the half-shell (ie opened)*. Whole oysters will keep in the fridge for five days. Eat those in the half shell within two days of receipt or freeze them. Oyster knives are also available.

■ Cley Smoke House, Cley-next-the-Sea NR25. Tel: 0263-740282. Mike and Susie Rhodes are specialist fish smokers, whose excellent products bring tears of joy to the eyes of the not-so-young. Kippers, large, succulent and undyed, seem even better than those of pre-war memory. They cost £4 per pair inc p&p (or £48 for a once-monthly supply throughout 1992). Luscious old-fashioned bloaters are £3.50 per pair.

■ H J Errington & Co, Walston Braehead, Ogscastle, Carnwath, ML11 8NE. Tel: 089 981257. Stilton may be the Christmas classic but richly-flavoured unpasteurised blue *cheeses from Scotland make* a splendid alternative. Dunsyre is good; Roquefortesque Lanark Blue (a ewe's milk cheese so suitable for those allergic to cow's milk) is a winner. A half moon of Lanark Blue weighing about 1.5 kg costs £16.65, a whole 3 kg costs £31.10 inc *p&p*. A 1.5 kg wheel and 3 kg whole Dunsyre cost £13.15 and £22.10 respectively.

■ The Oil Merchant, 3 Haarlem Road, London W14 0JL Tel: 071-602-7040. Charles Carey's list of delights continues to grow. His Christmas suggestion for Italophiles is a quarter *litre amphora* of Colonna's Granverde (verdant extra virgin with citrus taste and aroma) partnered by a quarter litre bottle of balsamic vinegar by Giusti of Modena. "Such a wonderful combination" costs £17.65 inc p&p.

SPORT/PERSPECTIVES

Soccer/**Peter Berlin**

Arsenal's European lesson

Off-form: Arsenal's Paul Davis struggled to match Benfica in midfield

WITH 10 minutes of normal time left in the European Cup at Highbury on Wednesday, the electronic scoreboard announced that West Ham's substitute was Cesar Brito – a Portuguese international who has never played for the East London team which had won at Highbury four days earlier. But the quirks of the scorebox computer were the least of the problems for one of England's most efficient clubs. An evening which began with an early goal for Arsenal and ended with Sven-Goran Eriksson, the triumphant Benfica manager, locked out of the post-match press conference had already started to career downhill for the home club.

Last season, when Arsenal lost just once and conceded only 18 goals on the way to winning the English first division and their place in the European spotlight, they were a great team made up of good players. They had no-one of the class of Derby's Dean Saunders or Mark Wright (both now at Liverpool), but Arsenal finished top and Derby bottom; no-one with the flair of John Barnes or Ian Rush, the Liverpool attackers, but they beat Liverpool twice.

On Wednesday, Arsenal were beaten in the way they are accustomed to winning: overpowered in midfield, their defence sliced apart and their attacking ideas reduced to the unimaginative long ball. By the end of extra time, losing 3-1, they looked like a rabble of schoolboys. Arsenal, whose strength is teamwork, were less than the sum of their parts.

The defeat cost Arsenal at least £2m in lost European revenue. It also cost English football some its fragile self-esteem. When Eriksson eventually made his way through the locked door, he was greeted with a plaintive chorus of questions: "Do we play too many games? Should we practise our skills more? Should we try and play more like you?" Eriksson graciously conceded that, yes, it had been a victory for technique over physique.

That was not quite true. Benfica were on the back foot early on because they were out-numbered in midfield. When Eriksson realised that although Arsenal had picked three strikers two of them kept dropping into midfield, he pushed his sweeper Vasili Kulkov forward. Benfica won control of midfield as much because Kulkov and the Swedes Jonas Thern and Stefan Schwarz overpowered Arsenal physically and numerically as because of their swift, intelligent and skilful use of the ball.

Certainly, Arsenal met few English teams with such skill last season, but as their disintegrating football suggested, it is more difficult to pass well when you are on the back foot.

George Graham, the Arsenal manager, suggested that an arduous English schedule, losses of form and injuries had blunted Arsenal. True, the English schedule is absurdly busy. But last season Arsenal played 50 games, faced all those problems and kept winning. Graham has spent more than £3m stocking up on players for a 60-game season that, following Wednesday and the beating by Coventry in the League Cup a week earlier, they will never play.

Perhaps Graham's growing collection of strikers has made him greedy: Arsenal were overpowered by Benfica because the manager had not picked enough of his worker bees. When centre-half Bob Bould was injured, Graham replaced him with Andy Linighan, a galumphing central defender who spent a confused evening against Austria Vienna in the previous round passing to opponents. Graham replaced him with Colin Pates, a former midfielder, who can pass but had problems with high balls, circling underneath as though trying to catch autumn leaves.

Paul Merson, a talented but erratic attacker, started in midfield. Fans in the West Stand, intrigued by tabloid tales of a multi-million pound bid for Merson, spent the game trying to put a market value on his play. It touched £4m after 20 minutes. Later, as Merson watched Benfica sweep forward, unable to intervene, he was "not worth a tanner".

After the game Graham rejected suggestions that he should follow the example of Bob Paisley, the former Liverpool manager, and alter his team's style to achieve success in Europe.

By the time Tottenham Hotspur arrive at Highbury in three weeks, Arsenal might have convinced themselves that, in spite of recent defeats, they can still conquer an indifferent first division. By then they should have cleared Benfica's name off the scoreboard. But as Spurs, whose double-winning team lost to Benfica in the European Cup semi-final on away goals 30 seasons ago, can tell them, the scars of Wednesday night might take longer to heal.

As they say in Europe

Missing out on Maxwell

ROBERT Maxwell's death is the kind of story that demonstrates the differences among the great European morning papers. The British had the resources and time to do the story justice. The Europeans, an hour nearer deadline, had problems. Apart from the Germans they did rather well. To the Italians it was a first class thriller – that was the word that appeared in most headlines, along with "king of the press." There was no attempt to conceal the hope that unnatural causes lay behind the event.

La Repubblica kicked off its front page with a summary of how Maxwell rose to his great position and then hit financial troubles. "He had other reasons to be worried – the allegations that that he worked with Mossad which had reappeared after last week's publication of a book by an American investigative reporter." It also disclosed a fact that remained unperceived elsewhere – the world's stock markets were in turmoil as a result of Maxwell's death.

The breathless style was everywhere: "Mystery in the open Atlantic. Robert Maxwell, 68, uncontested King of the world's press," shouted *La Repubblica*. *Il Sole/24 Ore* also saw him as a "king" but its London correspondent, Alessandro Merli, avoided the hagiography that appeared in its rivals. Nonetheless the cliches were unavoidable, "The life of the media tycoon ended in the same novelettish manner in which it had been lived." Bad taste was equally hard to avoid – "his business empire risks drowning."

Everybody had a local angle. In Italy it was Maxwell's ownership of Panini, which is the world's largest publisher of football cards, or pictures of soccer players. The management had recently been unsatisfactorily reorganised there by Maxwell.

The Spanish press had an advantage. The tragedy had taken place in their waters. Their approach was a model of restraint by comparison with the Italian – "The press magnate Maxwell disappears in the waters of Tenerife," said the front page of *El Pais* of Madrid. Like the Italians it managed to get two whole inside pages on the story.

In France there was a straining after relevance. Pierre Bois wrote in *Le Figaro* about Maxwell in 1945: "A short stay in Paris, almost at the same time as Hemingway but not yet having the means to frequent the same places, allowed him to meet Elisabeth Meynard." Mlle Meynard was to become Mrs Maxwell.

That is the kind of thing that happens when journalists are in a hurry. But it is notable that in each of these papers there was comprehensive coverage of the life of this extraordinary man, even if not always of his death.

But not in Germany. The heavyweight German newspapers are incapable of covering anything that happens abroad after about three in the afternoon. There was a paragraph on the front page of *Die Welt* but that was about it. I have never quite understood why German papers should be incapable doing what the French, Italians and Spanish manage quite easily, but it seems to be the result of a different approach: news does not count until some deep thought has gone into considering what it actually means. That is why reporters are thin on the ground in Germany while editors leap from every nook and cranny.

■ ■ ■

Talking of nooks and crannies, as the UK foreign secretary Douglas Hurd did last week in attacking the Community, British objections to various aspects of Europeanry often get as much coverage in the continental press as they do here. There are several reasons. Sometimes the British are saying out loud what everybody else thinks. But more often it is because of British leadership in news management.

An extraordinary situation sometimes emerges. Thus when the Dutch produced their various statements and declarations on political and monetary union in the Community, *Il Sole* led with the comment that the project could move ahead – London now had the option of whether to join in or not. It was only three days later that the paper noted that Italy objected to the Dutch plans.

European rows provide a useful standby for any London correspondent. But when it came to the CBI conference it was the attitude towards Whitehall rather than Brussels that interested most of them. *Handelsblatt* had the headline: "The British industry association lets off a broadside at the government." Yvonne Esterhazy highlighted the emphasis on the government's economic failures. She concluded by noting that it was Labour who was advocating tax breaks for industrial investment.

In *Les Echos*, Patrick de Jacquelot found the CBI's members rather irritating: "The businessmen who spoke in the debate on Europe expressed time after time the conviction, which is very widespread in Britain, that that country is, by a long way, the one that applies community decisions most faithfully and risks penalising its enterprises in relation to those of less scrupulous countries."

James Morgan

■ *James Morgan is Economics Correspondent of the BBC World Service.*

Rugby/**John Hopkins**

The Major's galloping XV

THE RUGBY follower was in a quandary. After the majesty of the World Cup and 32 matches in 30 days, the problem was where to go, what to see? Was there life after the World Cup? The solution was a foray to Oxford for the 70th match between the University XV and Major Stanley's XV.

At Iffley Road, hard by the track where Roger Bannister became the first man to break the four-minute mile barrier, 3,000 spectators watched the university score seven tries in a comprehensive and rare victory over Stanley's XV. No player from either side attempted to kick a penalty.

Afterwards, players, alickadoos (committeemen), wives and girlfriends juggled with cups of tea, pints of beer and biscuits as they stood shoulder to shoulder in the small pavilion that has done service for more years than anyone cares to remember. It was a quintessential British scene. The same sort of people would have been present in 1961, or in 1931. Surely this sort of thing, a mid-week, mid-afternoon match, was an anachronism in 1991?

"Not for the students," replied Dr Alan Tayler, president of OURFC. "The opportunity to play against better players is a significant encouragement for them." He might have added that it has been good for Oxford, too. The establishing of a link with Kobe, the Japanese steel company, has brought sponsorship for OURFC, and employment in Japan for several Oxford graduates. There is now a St Catherine's College in Kobe.

"There has been a renaissance in university rugby," said Derek Wyatt, the former England international who selects the Stanley's team. "The Varsity match at Twickenham is sold out this year and the 56,000 spectators will constitute a record. Ten years ago barely 20,000 attended. Oxford has become very professional off the field. We have full-time medical care, a full-time administrator, a university coach who looks after the first team and also the colleges and we have floodlights. Even Twickenham doesn't have floodlights."

Major R V Stanley was an organ scholar at Oxford. He did not play rugby although he did become an England selector and the university's representative on the Rugby Football Union committee. He was a man of such eminence that after university games the police would stop the traffic so he could be taken by bus to the railway station to return to London.

Stanley's is the second oldest invitation side in first-class rugby, younger only than the Barbarians but much older than the team raised by Mickey Steele-Bodger to play against Cambridge university, its direct equivalent.

It is said, that Stanley first raised a side to play the university in 1894. A game against Stanley's appeared on the university fixture list in 1914 but was cancelled because of the war. The first match was played in 1919.

Nowadays, the ideal Stanley's team would comprise five internationals, five old blues and five younger players who might, in time, attend the university. Whereas Steele-Bodger's XV is selected predominantly from the home countries, Stanley's goes far and wide. Recent stars include Denis Charvet of France, Nick Farr-Jones, the Wallabies captain, and David Kirk, captain of the 1987 All Blacks.

A benefit of this internationalist policy is that the appeal and traditions of Oxford university and its rugby pass from generation to generation. Chris Laidlaw, the All Black scrum-half in the 1960s and '70s, had a hand in the arrival of Kirk at Oxford on a Rhodes scholarship. Andrew Everett, Oxford's current captain, was recommended by a fellow South African, Neil McDonald, a captain in the '80s.

"We want good players to test the university," says Wyatt. "There is no point in picking a Stanley's team that Oxford can beat. They're not going to learn anything like that. Steele-Bodger's teams nearly always lose. I don't see the point of it." He grinned mischievously. "But that's Cambridge. We are different." He grinned even more mischievously. "Oxford have prime ministers and Rhodes scholars. Cambridge have not had a prime minister this century."

The Stanley's game showed some of the strengths in the Dark Blues' side. They have an outstanding full-back in Audley Lumsden, who scored three tries. Their front row is massive, weighing more than Australia's, and with a combative second row it adds up to a potent front five. Even so, they think of themselves as underdogs for the game against Cambridge at Twickenham on December 10.

From his position as scrum-half for Stanley's, Kirk had an unrivalled view of Oxford's beefy eight. He liked what he saw. "You're going as well as any Oxford side I have seen at this stage of the season," he said in a brief speech at the dinner. He smiled as he said it. There is little worse for an Oxford man than to see his side lose to Cambridge, and Kirk clearly did not think that he would.

Perspectives/**Gerald Cadogan**

A happy memorial

IT MUST be a unique war memorial. And even if it is not, it is marvellous and cheering. At the small village of Coln Rogers, at the bottom of a narrow Cotswold valley, its steep sides now bright with autumn leaves, 25 men and one woman, a nurse, from 19 families went out to the First World War – and they all came back.

You will find the plaque in the porch of its Saxon church. At first, it looks like any other village war memorial, gratefully listing the dead who fell for King and Country. Then you realise it is completely different. Nobody died. It is there to record the people "of this village who served in HM Forces during the Great War, 1914-1919" and, after giving their names, ends with an exultant: "All of whom by God's great mercy returned safely."

How did this miracle happen, I asked Bob Guest, a 78-year-old gardener, whose family have lived in the Coln valley in Gloucestershire for 400 years. Some were excused going to France, he said, like the village squire, who took his chauffeur along with him when he signed up. A former tea-planter, he "never held a gun except when he was on the partridge shoot."

But Dick Leach was gassed in France while a Grenadier, came home to recover, and was then sent back for a second tour a fortnight after the Armistice. His family has his "clean sheet" service record, and 1917 and 1918 Christmas cards from the commanding officer's wife, Lady St Cyres. And Ben Barton, who had gone to Australia at 16 to seek adventure, found himself in New Zealand in 1914 and joined a Kiwi regiment, which took him to Gallipoli and France. Luckily, he was demobbed in England and could come home. In 1939 he told his son, Roger, who had also gone to Australia, to get over to New Zealand to join up, "as they are a better lot there."

The services were a strange world for the other villagers, who were almost all farmworkers – which was not a reserved occupation as it was in the Second World War – who had never been beyond "Zoiren" (Cirencester). They did have the advantage that they were "good shots, whether they were keepers or not," said Bob Guest, meaning gamekeepers or poachers. Most joined the Gloucesters. One was in the Coldstreams, some in the Grenadiers, perhaps because officers knew them, and some in the Navy.

And, "thanks be to Thee, O God," as the plaque says, they all came home, to find they were no longer going to be needed on the land. There was not enough work. "These villages were dead between the wars." People left for jobs with the Great Western Railway in Swindon, and the cottages fell empty. When the next war came, there were few to join the colours. Guest was one, gardening was not a reserved occupation. As RAF ground crew, he went to India, Burma, and Singapore. "And I had never been beyond Cirencester before, except for Weston-super-Mare and Southampton and Pompey [Portsmouth] we'd been to once or twice. I was in the church choir. And we had the outings."

His brother, Maurice, having been to grammar school, joined up as a flyer and was in the defence of Malta. He had to bail out, and was shot as he came down. Bob's parents gave the church its heating system as a memorial. A small plaque in the vestry records this one man of Coln Rogers who died in the two wars.

Classic cachet for less cash

*The most desirable yarns are now better value — and better cut, reports **Lucia van der Post***

IN THESE days of grim tidings on the retail front, there is a glimmer of good news. All the best-loved classics, the fabrics that have proved their worth for generations, are blooming and some, like that most treasured, cashmere, look as if they might even become a little more accessible in price.

In the boom years the price of cashmere, as regular readers of HTSI will know, rose sharply – so sharply that this warmest, lightest, softest, most desirable of wools soared way beyond the reach of most of us. The news now emerging from the fastnesses of Inner Mongolia (where the finest cashmere comes from) and the spinners North of the Border, is that the gentlemen from China have learned the hard way one of the first lessons of a free market economy – that a commodity is only worth what the consumer is willing to pay.

Cashmere has been through tough times, with customers either unwilling or unable to pay the prices asked and sweaters made three years ago still to be found lurking on some shelves.

This year, the price of the yarn is down about 15 or 20 per cent and though it takes some time for this to affect prices (agreed contracts have to be worked through first and the price of the yarn is only one element in the equation), experts say the general drift is likely to be downwards.

The other good news is that hard times have forced manufacturers to rethink, to move away from the stolidly traditional and to employ exciting designers to think of new ways of using cashmere.

Ballantyne, for example, besides its basic classics range, has collections by Oscar de la Renta and Alastair Blair; Bruce Oldfield has designed for Murray Allan; and for Johnstons of Elgin Devra King has come up with a wonderful oversize cashmere tunic (£259), an infinitely wearable high buttoned cardigan (£127) and lots of versions of this season's must-have accessory, the tartan scarf (£65). All can be worn by the trendiest teenager or the most elegant grandmother.

Shi Cashmere, who had to open her own factory six years ago because the existing factories found her ideas too way-out, is another source of high fashion cashmere – her slinky dresses, jogging suits, sports shirts, hand-smocked over-sized jackets, bodies and short wrap skirts are all the look of the minute, with the added cachet of a luxurious material. Her range can be seen at Shi Cashmere, 30 Lowndes Street, Belgravia, London SW1.

All this means that this winter, if you can afford it, you could buy all the components of the fashionable wardrobe in cashmere – the leggings, the long shapes and big sweaters, the frock coats and slinky dresses, as well as basics such as T-shirts or vests to slip quietly under an Armani jacket.

Eager customers used to be able to rely on Marks & Spencer for plain basic cashmere (most desirably from the men's department) but when prices began to rise so steeply the company stopped selling them. This year M&S is once again offering cashmere but for women only and in just two colours – pale grey and camel – in the Marble Arch, London, branch only. Polo necked versions are £125, V-necked cardigans £135 and crew necks £115.

Apart from the price, the other trouble with cashmere is how to keep it looking wonderful. There are those who swear by Woolite (like Erika Frei, who handles the PR for Pringle, and says her cashmere sweaters last for years – "I use Calgon to soften the water and then always wash them in Woolite. I give them a very quick spin in the dryer and then lay them flat to dry") but those too nervous to risk it might like to rush their off-colour garment to The Cashmere Clinic for treatment.

The Clinic will pass it on to specialists in Scotland who will either wash and redress (from £15), alter (from £20) or mend (also from £20) and return them fully restored a week later. The Clinic is at 11 Beauchamp Place, London SW3 (tel: 071-584-9806) but it runs a postal service as well.

Ballantyne offers a repair service – no matter how old the sweater, if it's a Ballantyne and it needs mending, it will do it for £10, which includes postage and packing.

Tartans and plaids are a big theme this winter and nowhere do they come more classic than when they come in Viyella. Viyella is as much loved by its fans as cashmere, its unique combination of 55 per cent merino wool and 45 per cent cotton giving it a special softness. Though the first plaid in Viyella was produced way back in 1896 it has taken until now for Viyella to launch its very own check.

In keeping with the Viyella image it comes in traditional tartan colours of navy, bottle green, red and has been used on a range of Viyella own-label designs, including clothes, luggage and accessories. Harrods, Liberty's, Selfridges in London as well as Dingles in Exeter and the Viyella shops in York, Belfast, Edinburgh, Glasgow and Guildford all stock Viyella's own collection.

For those hoping to combine the traditional appeal of Viyella with a more contemporary look designers as impeccably up-to-the-minute as Betty Jackson and Ally Capellino have used it in their winter ranges. Find them in the Contemporary Collections department at Harrods.

■ Fans of Davies, the men's clothing and furnishing shop at 10 Great Newport Street, London WC1 owned by David Davies of advertising fame, should hurry along to the warehouse at 35/37 Bethnal Green Road, London E2 on Saturday and Sunday where Davies is having a sale. Everything from boxer shorts and linen/viscose jackets, from Sea Island cotton T-shirts to showroom sofas and chandeliers will be there at greatly reduced prices.

***Top left:** Savoir Faire here* takes the Royal Stewart tartan and uses it to make an up-to-the-minute sarong skirt, £65. The jacket, also by Savoir Faire, is in dark green (£70) and is teamed with a cream body (£60). All from Harrods, Knightsbridge, London SW1.

Top right: Viyella the Betty Jackson way — the black and white checked Viyella body (£150) is teamed with Mini McCloud tartan trousers, £170. Both from Harrods.

Right: Twinsets scarcely come more classic or more essential than this skinny rib set in 100 per cent cashmere from Ballantyne. The cardigan is £340, the sweater £245, both in a range of (mainly pastel) colours. From the Ballantyne shop at 153a New Bond Street, London W1, Harrods, and Berk, 20, Burlington Arcade, W1.

Sketched left: casually luxurious chunky knit tunic in 100 per cent cashmere in warm brown, bronze, sand, ochre, amber or damson, teamed with leggings. £499. **Centre:** another way with leggings — this time teamed with a frock coat with gold embroidered sleeves, £475, in black, charcoal grey or arctic blue. **Right:** skinny dress in all the autumn colours; £345. All from Shirin Cashmere, 51 Beauchamp Place, London SW3 1NY.

Languid in loden

FABRICS scarcely come more classic than loden. Like denim, it earned its spurs when used for proper working clothing and later won its way into smarter wardrobes through its toughness and abiding low-key appeal.

It seems to have been first manufacturered in the Austrian Tyrol as far back as the 11th century, but it was not until the 18th century that it moved upmarket, first being used for riding clothes and later for winter coats and capes.

If you are wondering exactly what makes loden so unique it is all to do with the felting process. This matts two sheets of high-quality pure wool fabric together and gives the resulting material its famous showerproof qualities which makes it perfectly suited to the damp British weather. Many a keen shot has discovered that one of the best ways of keeping warm and dry when out on the moors is by donning a loden coat or jacket.

Today, traditional loden is deemed to be dark olive green, but its first colours were actually red, black, and white. Loden always seems to me to come trailing clouds of continental glamour and to lend itself best to a rather swaggering style of cut – remember Douglas Hurd's coat seen swishing in and out of Downing Street all through the Gulf war.

Schneider, an Austrian company well over a century old, uses washed loden and loden mixed with cashmere, mohair or alpaca for soft, over-sized duffles, for parkas and for trench coats. Schneiders loden can always been found at Harrods, at Swansway of 226, Fulham Road, London SW6, Simpson of Piccadilly, and Selfridge's.

Photographed left is a classic swing back loden coat (£297) teamed with grey flannel pants (£108) and a soft velour single-breasted sports jacket, (£240).

L v d P

TRAVEL

Petra: enough to make you stop and gasp

*Romantic past. Warm people. **Gerald Cadogan** and **Michael Thompson-Noel** agree that now is the time to visit Jordan*

TO RIDE or to walk down Jordan's Siq gorge into Petra starts a visit you will never forget, writes Gerald Cadogan. As you near the rose-red city at the end of the Siq, gusts of warm air disturb the morning cool. Suddenly you spot a shimmering pink classical facade framed by the cleft. Walk on a little and you enter a desert valley of sand and pebbles.

Carved in the cliff opposite is the Treasury, one of Petra's finest buildings, its details as immaculate as when the Nabataeans carved them around the time of Christ. I gasped, and stopped to drink in the spectacle of a Grand Canyon cut by men into buildings.

For a sculptor, Petra (*rock* in Greek) must be paradise. Its stone is alive with light and spreads over many hills and wadis where the Nabataean sculptor-builders created a unique city, carving buildings out of the rock in such deep relief that they have freestanding façades. Inside are cavernous rooms where the local bedouin lived till 1985.

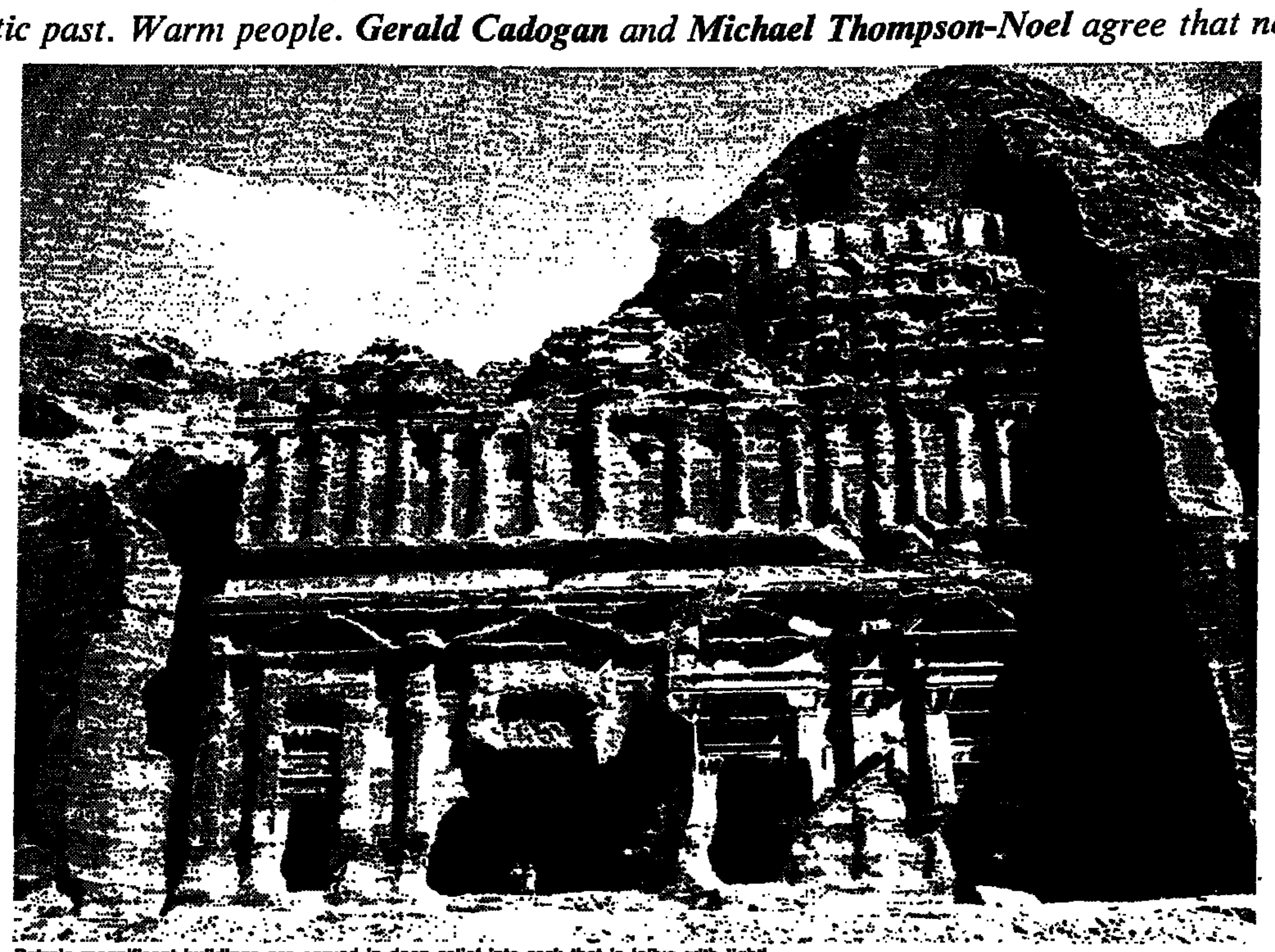
The highlight of any trip to Jordan, Petra started to exert its magic when I pulled the curtains and saw in the steel-blue early light a moonscape of rounded hills of yellow, brown and red sandstone. Half-an-hour later I was walking along the dry Wadi Musa towards the crack in the rocks where the Siq starts its mile-long descent to Petra. A dam across its mouth diverts flash floods into an ancient storm channel, to prevent tourists drowning (as happened some years ago).

You set off into the unknown.

It is quiet, save for birds and the occasional clatter of horses on the stones and lads shouting them on. There are no cars or jeeps. Trees sprout from holes in the cliffs and shafts of sunlight catch steps leading up and away to parts of the city you cannot see.

As the Siq unfolds, you leave the ordinary world behind and share the awed excitement of John Burckhardt, the Swiss disguised as an Arab who walked down it to discover this lost city in August 1812. Today it is still a discovery, as hard to believe it is real as it was for him. Coming out of the Siq to face the Treasury (called so because an urn on top was thought to hold gold, which cannot be – it is solid sandstone) is a thrill like the first view of the Great Pyramid. Its exquisite details are a trumpet-blast of civilisation against the wild, wind-eroded rocks.

When I had gazed enough, I looked to the right and began to see how vast Petra is. Around a river of sand in the main part of the city, where a few bedouin had opened their stalls – most were shut – were cliffs covered with buildings, tombs and houses, stacked one on another.



Petra's magnificent buildings are carved in deep relief into rock that is 'alive with light'

Every bend holds new delights of sculpted building. Columns, steps and hollows invite you to explore. I walked past the theatre – all rock – to inspect elaborately baroque royal tombs. It was a treat to find so much so whole; most ancient sites are ruins and reconstructions.

Beyond are soft, cushiony hills, in places the veined blue and pink of smoked salmon sliced near the skin. Bedouin lounged under mimosa trees. One rode up on a camel, three little children viewing the world from the safety of the saddle bag. These were the timeless scenes David Roberts painted. The place grew more dreamy as the day got hotter. It was time for a glass of tea in the shade of a cave. The Spanish wife of a bedouin served.

Then I looked at the ceremonial Gate and the Qasr el Bint temple. Named for the pharoah's daughter (*bint*), it is a colossal Hellenistic building dating from just before the time of Christ and yet another sign of the wealth of this caravan city famous for its gardens. What a lush place it must have been.

Now midday, I had had a first, indelible view of the sights in the city centre, though every wadi holds a discovery for the traveller who stays several days. Up one of them the Deir (*monastery* in Arabic) is a treat not to miss. It was a climb of 986 steps, or 550ft, over rocks, hot but worth it. The steps the Nabataeans cut are easier on the legs than their modern replacements.

At the top was only a small patch of flat ground, till I saw hiding behind the rock the great façade of the Deir. With an urn on top it sticks out of a conical hill, a masterpiece of classical architecture 135ft high and 150ft wide that Palladio or Robert Adam would have loved to have reproduced. Its door is 25ft high. I walked across the flat ground in front and sat in a cave and looked at perfection. In the back of the cave a bedouin boy, who had raced ahead on the way up on his donkey, lit a fire and boiled up for tea.

It was sad to leave, but a relief to find horses waiting at the bottom for the ride back through the main part of the city to the Siq and the hotel.

You should visit Petra last on a trip to Jordan, for it will pull together everything else you have seen. You will recognise how the caravan routes, east-west over the desert to Iraq, and north-south from Aqaba to Damascus, have governed life and brought wealth to the cities. Amman, ancient Philadelphia, has a splendid Roman theatre but its ruins are nothing compared with Jerash (long colonnaded street, a huge theatre, baths, and an oval colonnaded forum that is another classical masterpiece).

You soon discover how prosperous Jordan remained in Byzantine and early Islamic times. The country abounds in superb Christian mosaics, and the desert east of Amman has a string of early castles and settlements which suggests that the place was far greener in 700 than today.

The biggest surprise is the pleasure dome at Amra, an Umayyad caliph's hunting box. It had enough water to run a Roman-style bath; though it is Muslim, its frescoes are so early that they still show humans and the delights of love and the chase.

The perfect place for a picnic is Umm Qais in the north. It is the name of the village, recently moved out, that lived among the remains of ancient Gadara, on a steep hill with remarkable views over the sea of Galilee. Here Jordan, Syria and Israel meet. But forget politics for a while and look opposite across the Yarmuk river valley with its hot springs to the Golan heights. They must be the place the Gadarene swine ran down from into the sea of Galilee, for they are right above the water. The poor animals would have had a long trot from Gadara itself.

Gadara was deep in flowers and spring warmth. Cattle grazed among the remains of an octagonal Christian basilica which had a smart pink, white and black tiled floor. Beyond, through the greenery, was the theatre, ancient blocks heaped inside as if the show ended in a catastrophe yesterday. As at Petra, you are close to the pioneer travellers who found these magical spots.

Now is the time to go to Jordan. Western tourists deserted it when Iraq invaded Kuwait, yet its people could not be more welcoming nor its past more romantic.

■ *Royal Jordanian Airlines flies to Amman at an official two months' return fare of £572. Abercrombie & Kent (London: 071-730-9600) runs various tours, including long weekends in Petra for £565 (summer) to £798 (Christmas).*

Umm Qais, Jerash and the desert castles are easy day trips from Amman. In Jerash try the Lebanese House restaurant. Outside Amman a popular smart restaurant is Kan Zaman, which also has craft shops and glass-blowing.

Petra itself has the excellent Forum hotel. Make sure you take a hat. Iain Browning's Petra *and* Jerash and the Decapolis *(Chatto and Windus/Jordan Distribution Agency) are recommended.*

PETRA is a delight, but so is Jordan generally, writes Michael Thompson-Noel, especially if you are fortunate enough to travel in the company of someone as experienced and wise as Molly Bales, managing director of the UK travel company Bales Tours.

Bales is very much a family business. George Bales is the founder and chairman, daughter Mandy the marketing manager and son Anthony in charge of special groups.

The Bales are a laugh a minute, which was why it was such a pleasure pottering down to Petra, as well as to Jerash, in the company of Molly, who had not visited Jordan since 1966 and was particularly struck by the changing face of Amman, as well as by the comfort and efficiency of the Forum hotel at Petra. (Single rooms cannot always be guaranteed at the Forum, so you might need to box clever).

Bales Tours started its holiday business in 1961, with tours of Jordan and Lebanon. The Middle East still accounts for something over 50 per cent of its business, so the Gulf war hit it badly. But things are picking up well now, says Molly, with plenty of short-notice bookings. In a normal year Bales would expect to handle 10,000 travellers.

The 1992-'93 edition of Bales' World Wide brochure lists various options for Jordan. For example, an eight-day tour will cost £749-£795 per head next year (single room supplement: £140-£155); a 12-day tour of Jordan and the Holy Land is priced at £1,125-£1,220 (single room supp: £252-£260), and a 15-day trip to Jordan and Egypt, including a Nile cruise, will cost £1,375-£1,525 (single room supp: £310-£425). All these tours are escorted.

Overall, Bales has broadened its '92-'93 programme, introducing new tours to South America, China, Australia and Canada. There is a 22-day South American trip that visits Colombia, Ecuador, Peru, Bolivia, Argentine and Brazil (four departures next year, starting on February 21, from £3,290 per person; single room supp: £595-£610). And China, where Bales has been sending tours since 1965, again features prominently in the brochure.

■ *Bales Tours is at Bales House, Junction Rd, Dorking, Surrey RH4 3HB. Brochures: tel: 0306-885923, reservations: 0306-76881, fax: 0306-740048.*

Travel News

TRAVEL AGENT Pickfords Travel is offering an extra £20 off Owners Abroad winter holidays if booked this month in a tactical promotion to boost market share.

The discounts apply to Owners' Falcon, Enterprise, Sovereign, Sunmed or Martyn winter sun holidays and have to be taken between January and March next year. Existing discounts on winter sun holidays also apply.

These range from £20 off a £200 holiday for two (making the new discount £40 for an Owners holiday) to £275 off a £4,000 holiday for two (£295).

Rival travel agency Lunn Poly says it has no plans to increase its range of discounts on winter sun holidays as sales are strong at present.

Its existing discounts start at £20 off a £250 holiday for two to £300 for a £4,000 holiday for two.

■ ■ ■

Escaping from a traditional Christmas at home or in a hotel is proving increasingly popular, according to adventure holiday operators who have found a good niche this year in providing an exotic alternative to stay-at-home turkey-and-pudding.

Explore Worldwide has some 68 trips away over Christmas, including a 16-day easy walking holiday in Nepal from £1,145 per person, departing December 20, back January 4. The more adventurous might try camping in Venezuela for 22 days, including a flight over the Angel Falls. Prices start from £1,390.

These deals might particularly suit single travellers over Christmas as Explore says that more than half its customers are women travelling alone. Details: tel: 0252-319448.

Adventure specialist Top deck also has a number of exotic Christmas tours, including climbing Mount Sinai on Christmas day as part of its Egypt and desert oases programme. It also has a 40-day tour starting from Kathmandu on Christmas day and finishing in Bali a month later. Tel: 071-370-4555.

■ ■ ■

The Taormina music festival at Taormina in Sicily is included for the first time in the 1992 music and opera tours programme from Prospect Tours, a specialist in arts and music holidays.

The performances take place in a Greek theatre with views of Mount Etna and the Straits of Messina. Prices for the six-day holiday start at £845. Most established music festivals are covered by Prospect as well as other special performances, such as Jessye Norman singing in *Parsifal* at the Metropolitan Opera House, New York, next April. Tel: 081-995-2151.

■ ■ ■

Air UK, the scheduled airline service operating out of Stansted airport, North Essex, is offering a free flight for partners. Passengers on any Air UK flight between now and the end of next February (excluding the Christmas period) qualify to take a partner free on any subsequent return flight before the end of August 1992.

David Churchill

Motoring/**Stuart Marshall**

Toyota's subtle sales drive

THEY CALL it Amlux and it has to be the softest sell in the motoring world.

Picture a 14-storey tower in a city centre with seven of its floors given over to a high-tech mini-Motorfair open all year round. On display are vehicles ranging from runabouts to racing cars, luxury saloons to four-wheel drives. It costs nothing to go in.

Of course, you have to pay to eat in the four restaurants and banqueting suite or to buy model cars and clothing. But there is no charge for using a computer which helps you design your dream car and gives you a large colour print to take home.

Also free is a state-of-the-art cinema. As you watch a film you catch the aroma when the hero pours himself a cup of coffee, feel the vibration through your seat when a train thunders over a level crossing, missing his car by inches.

Amlux is in downtown Tokyo and – here comes the commercial – all the cars on show are Toyotas. But nobody has tried to make a sale to any of the 3.3m people who have visited the £90m building since it opened just over a year ago.

If interested, they are pointed in the direction of Toyota's five-channel dealer network. It has five channels because with 60 different cars to sell, plus vans and four-wheel drives, Toyota reckons no single dealer could realistically handle the entire range.

So if you want a large, expensive car like a Crown, an Aristo or Soarer, you go to one dealer; for a Corolla small family car, you go to another and so on.

Is Amlux a massive piece of ego-tripping by Japan's largest car maker; a public relations exercise on a grand scale; or an example of subtle sales promotion that will pay off richly over the years?

It must be the latter. For 20 years the Sony centre in Tokyo's fashionable Ginza area has done a similar job for Sony's consumer electronics. It is still a great public attraction. The place was packed when I looked in a fortnight ago.

The nearest Amlux gets to selling a vehicle is providing do-it-yourself access to a used car database. I asked the computer to find me a mid-engined MR-2 sports two-seater. Details of three at nearby dealerships appeared on screen almost instantly, followed by a print out.

Had I been a serious prospective buyer – and at Japanese used car prices a chance would have been a fine thing – I could have lifted a phone and talked directly to the dealer holding the car I fancied. I know of nothing like Amlux anywhere else though Toyota has another one planned for Osaka in Japan.

Might Europe get an Amlux one day? "Not yet" was as far as the man from Toyota would commit himself.

The glories of a Japanese train ride

TRAINS HAVE nothing to do with urban motoring – or do they? They would have a great deal to do with it, by which I mean reducing it, if they were all like the Narita Express (N'EX for short).

This new link between Narita (Tokyo's Heathrow) and Yokohama, with interchanges at two of Tokyo's main stations, makes the use of a car or taxi to reach the airport seem quaint, even perverse.

The 66 kilometres (41 miles) from central Tokyo to Narita by taxi can take an hour on a good day, three times that on a bad one. N'EX takes 53 minutes exactly. And I mean exactly. At the end of each air conditioned carriage is an electronic map showing the train's progress and its scheduled time of arrival. Mine was due at Narita at 9.27 am. At 9.26 the brakes went on. As it stopped and the doors opened, up came 9.27 on the display. A few days earlier its quartz-watch accuracy had been the same going into town.

The Japanese see nothing remarkable in this. After all, if one of the inter-city *shinkansen* bullet trains is 30 seconds adrift, there is an official inquiry. But N'EX really is the way to run a railroad, as London's long-suffering commuters would agree.

From the moment an elegant young hostess welcomes you aboard the train, deep under Narita's terminal building, it is five star treatment all the way.

Pay a supplement to travel in the Green Cars and you sit in swivelling seats like club armchairs. You can help yourself to as many drinks as you like – everything from Asahi beer to hot coffee or curiously refreshing cold Chinese tea – from a minibar with Japan Rail's compliments.

An illuminated news display keeps you up to date on world markets and events. And if there is anything else you want to know, there are two freephones on each train on which to call JR's English language information line.

Single fares between Narita and Tokyo range start at just over £13. For £24 a head, four people can share a private compartment with power reclining sofas. Dearer than the Piccadilly Line to Heathrow,I agree. But by taxi, the journey to and from Narita can easily cost £90. The only snag with this dream train is that if your flight is late, you lose your pre-booked reservation.

■ ■ ■

This month, UK diesel car sales should break all records and achieve a market penetration of ten per cent. Driving the boom is Peugeot, supplier of more than one in four of the 153,920 diesel cars sold in Britain up to 30 October.

At the moment, Britain's best selling diesel is the Coventry-build Peugeot 405, followed by the Peugeot 205. In third place is the Citroën BX and in fourth, the Peugeot 309. All are powered by PSA (Peugeot/Citroën) Group's incomparable XUD engine.

A formidable rival went on sale in Britain this week – the new Citroën ZX diesel, and, yes, it also has a XUD 1.9 litre engine. It comes in three versions, Reflex (£9,490), Avantage (£10,550) and Aura (£11,420). Refined, solidly built and with excellent ride and handling, the competitively priced ZX diesels promise to become class leaders. They can only boost Citroën's already buoyant UK sales, especially if ZX – as I have forecast – wins Europe's Car of the Year award.

S.M.

PROPERTY

London Docklands: a tale of two cities

The 'new frontier' of the East End is now part ghost town, part booming capital, reports ***John Brennan***

LONDON Docklands' current advertising campaign suggests that we should "Go With The Flow", following the Thames into the capital's eastern-frontier zone.

The frontier analogy holds as well today as it did in the land-rush of the early 1980s. Now, however, there is a ghost town feeling about large stretches of the former docks. You may not see tumbleweed blowing down the streets, but such developments that could be stopped have been stopped, and the delays have been long enough to create a patchy sense of unbalanced activity.

It is an area with many "Phase Ones" and few "Phase Twos". Developer-financed communal landscaping is sometimes well maintained, sometimes not. Planting areas stand bare and lifeless, car parks are grimy and underused. While the major transport improvements carve through the area, inter-estate roads end in unplanned cul-de-sacs by unlet offices where once-decorative pavements are succumbing to the weeds.

The Docklands boom began when, after decades when land there had negligible value, or even negative value because of site clearance and industrial pollution costs, the frontier was opened to all by the London Docklands Development Corporation. The LDDC inspired first the sceptics, then the dealers. In good frontiers-town tradition, the roads to Wapping and Shad Thames, to Limehouse and Millwall filled with "carpet-baggers".

For two or three exhilarating years the deal-makers turned instant profits by trading site options costing a fraction of the land's eventual resale value. Builders keen to "Go with the Flow" at that time came in different shapes and sizes. Yet today's residential market is largely a product of the fact that few of the traditional housebuilders became heavily involved in the area.

Some traditional house builders were persuaded, largely by Sir Nigel Broackes, the LDDC's founding chairman, to put aside their prejudices against East End housing. They were cajoled on to LDDC-prepared building sites in a successful effort to show that development plans were not just talk. Those early builders found, to their surprise, that there was pent-up local demand for private home-ownership. As a result, the early "affordable" housing schemes were highly successful.

More builders would have been drawn into the LDDC area after that but for the surge in land prices. Builders who looked at the area after 1983-84 and who applied normal land buying calculations of costs were unable to make the figures work.

Some of the best-value homes now on offer in Docklands are in schemes built by those national housebuilders. Those with construction operations have been able to justify a continued presence in Docklands by competing for local authority and joint venture construction and renewal and renovation works. The rest remain keen to clear unsold units from their books as swiftly as possible.

> *There is evidence that prospective buyers are being drawn back*

A new group of frontier developers, whose balance sheets mushroomed on the values created by Docklands sites, came to be far more active than the established housebuilders. Only the toughest of the companies which relied upon Dockland values to finance developments have survived. Some were victims of their own ambitions. Others fell to fair weather financing, which meant easy money based on uncautious projections up to 1988; quiet panic throughout 1989, and failure from 1990 onwards.

A final group of frontier developers could best be described as enthusiasts, dreamers, or visionaries who – as ever in these situations – brought the real, long-term money in their wake.

The real visionaries include those such as G. Were Travelstead, the tireless campaign manager for the pre-Reichman Canary Wharf; Frank (later Lord) Taylor, who tackled the locals at St Katharine's Dock long before the LDDC rolled back the planning opposition; and Laurie Marsh, the developer who saw a London Bridge City on the site of riverside cold stores a quarter of a century ago. Sir Terence Conran won his place on the list by trying to defend the whole of the 12-acre Butler's Wharf site from piecemeal building to create a central London village.

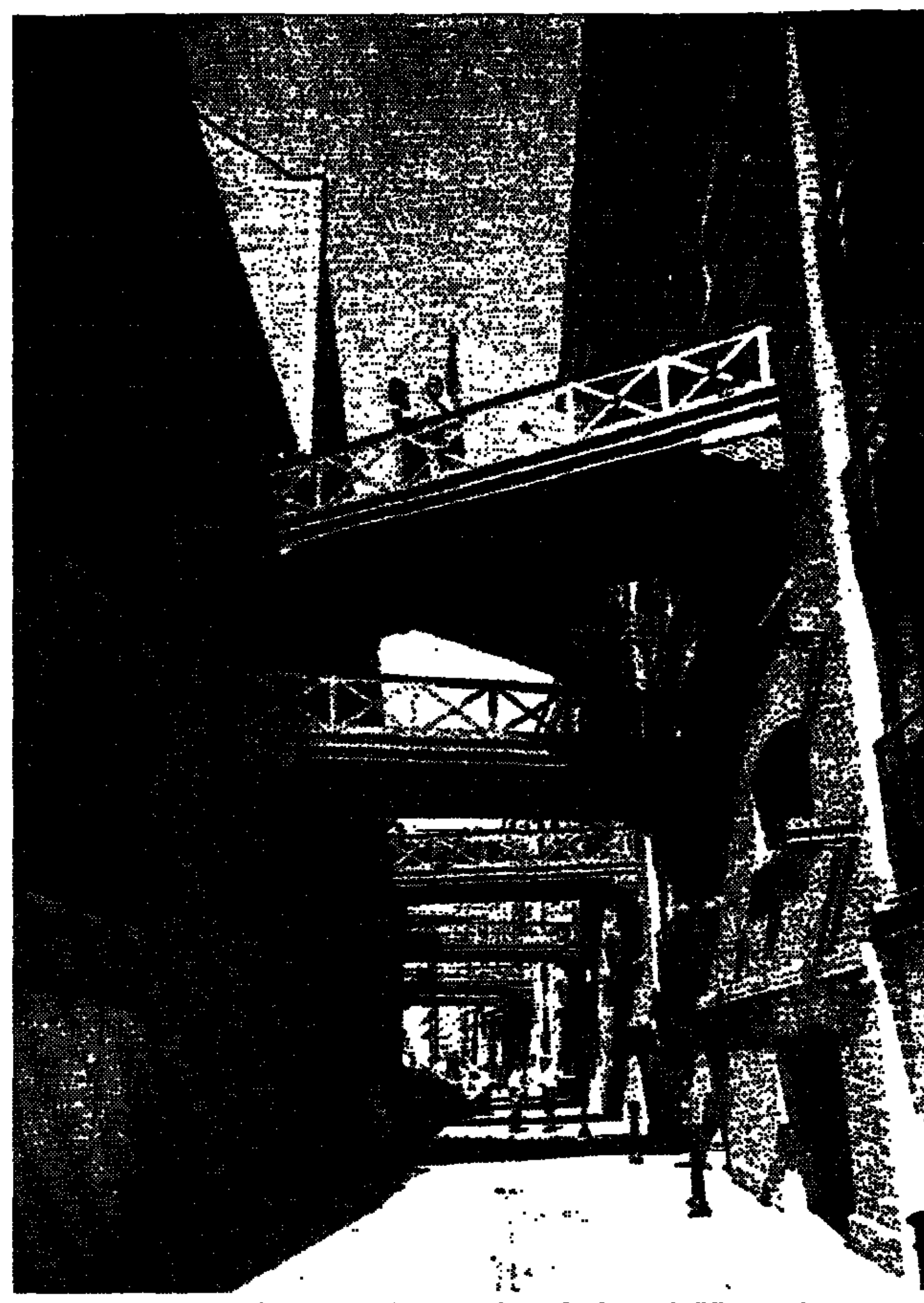
Their enduring place in the Docklands tale denies the cold assessment of financial failure. Without their enthusiasms there would not have been the international interest in London east of Tower Bridge. And of all those to have made the transition from Dockland pioneers to settlers, it is the non-UK companies and individuals that have held the area together through the slump.

Scandinavian money in search of tax-friendly investments has been invested alongside funds from Hong Kong, Taiwan, and Singapore. Meticulously crafted long-term corporate financing deals from Japan and, of course, the multi-billion pound Canadian/US freehold City in exile at Canary Wharf, have filled the private funding gaps left when domestic backers lost heart.

The big difference between international and domestic property investment is that foreigners do not know the problems that deter the locals. They think they do. They get the best advice that money can buy. They invariably carry out more effective research than their local competitors. But they cannot weigh the unstated prejudices or assumptions that set the real shape of a local market. And the "East End" is still a powerful psychological barrier to many Londoners.

Taking a global view, who can argue with Docklands' fans? It provides the essential development space needed to keep London as a world city. Without the scale and quality of offices such as Canary Wharf, and the long-term moderating influence of such space on commercial rents, London would offer less choice at greater cost than its continental rivals.

Such a melodramatic backdrop is appropriate to any review of home buying in Docklands. Outside of Beckton, which ranks as an honorary garden-suburb of Essex, drama has been ingrained in new home sales in good times and bad. There is evidence that prospective buyers are being drawn back to the area. After a terrible summer, Docklands agents are recording visits from people who feel that it is time to switch from renting to buying. But the fundamental mismatch of properties to buyers in most river-front developments still creates anomolies. There are contract races and purchases made at full asking prices on properties next to others that have not had a visitor all this year.



Cardamom and Butlers Wharf: forty of the 64 flats in the Cardamom building now have been reserved through sales agents Savills

The mismatch of properties was caused by developers justifying high waterside site values by anticipating continued strong demand for the most expensive, large area flats. Such demand as there was for these flats tended to be artificial, with a lot of dealer-to-dealer trading of the most expensive properties. But as far as the eventual occupier-market was concerned, demand for £280,000 to £450,000 Dockland apartments almost evaporated once the stock market crash reversed the City's runaway pay deals.

Today, developers and their successors are left with a good number of expensive, high-quality Thameside apartments that no one can afford.

The whole question of value cuts like an icy wind through Docklands. At the Cardamom Building, which must claim some sort of record, having chalked up 40 purchase reservations in a matter of weeks since its launch, agent Savills says that no lender has raised any problems about valuation. Yet mortgage valuers do have a problem trying to put a cash value on the distinction between the Cardamom block and a number of other off-river new and refurbished flat blocks in an area within, and adjoining, bankrupt developments.

Dominic Grace, of Savills, muses whether it would be possible actually to build and fit-out the flats for sale at prices of around £115,000 for 800 to 900 sq ft single bedroom units, £180,000 for two-bedroom flats, and £215,000 for 1,600 sq ft units with three bedrooms. It is a moot point, since the standard of work is almost up to that of its riverside neighbour, Butlers Wharf. It is also irrelevant, in that much of the residential stock sold in Docklands in the past couple of years has been at prices which have ignored inflated site costs and consequent financing costs. Neither pre-crash nor post-crash prices have had much to do with costs.

How, then, can any prospective buyer hope to know whether the price being asked is a bargain, fair, or too high? There is little point turning to a professional valuer because all they say is that it is an abnormal market, that the price for the property is on a willing-buyer/willing-seller basis, that it would be a far cry from the forced sale value, and that "it all depends . . ."

On what? Well, to a surprising degree it depends upon the volume of sales. The number of people willing to buy at a price justifies that price. News of 40 prospective sales is more important to the marketing of the Cardamom building than a 5 or 10 per cent variation in asking prices.

Talk of five prospective sales among the 67-unit, £300,000+ apartments in Butlers Wharf may help to break the log-jam on this block. One solitary sale since its completion two years ago has not inspired a rush, although rental occupants enjoy what are, arguably, the best of all the Docklands flats.

Areas of Wapping have central London credibility as addresses these days, and Limehouse will recover that status once the building works in the area are finished. However, the Isle of Dogs has been one East End area too far for most buyers.

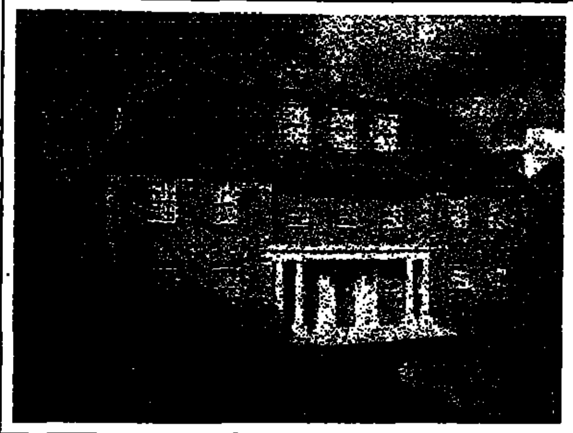
This means that the few modern completed residential properties on the Isle of Dogs tend to have been ignored. The story has been told so often that most people have lost track of the fact that 1992 brings the first substantial numbers of office staff into Canary Wharf. It also brings a big Marks & Spencer food store as anchor tenant to the shopping centre within the development, which must help to transform values on the Island.

As to everywhere else in Docklands, the only way to take a view on values is to find a spot in the middle of the largest possible crowd of fellow buyers. As long as everyone else in the queue is not a brother-in-law of the developer, then there is a fair bet that the loan valuers will allow you to "go with the flow".

On the Isle of Dogs, however, there is a clear case to look ahead of the crowd. The sheer scale of Canary Wharf looks certain to transform quality residential values along the island's outer-rim Westferry Road. Such long-unfashionable blocks as Cascades and Burrells Wharf could be in for a surprisingly swift re-rating.

COUNTRY PROPERTY

HAMPTONS



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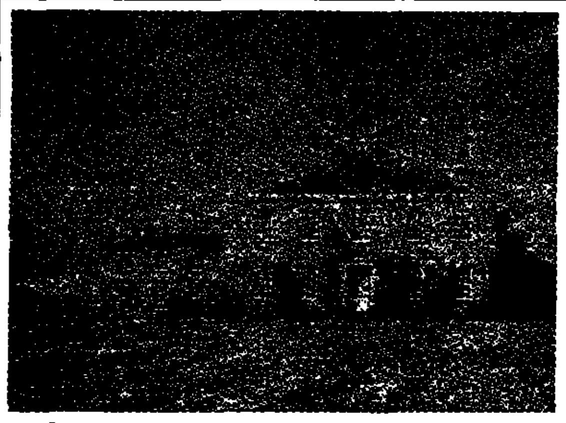

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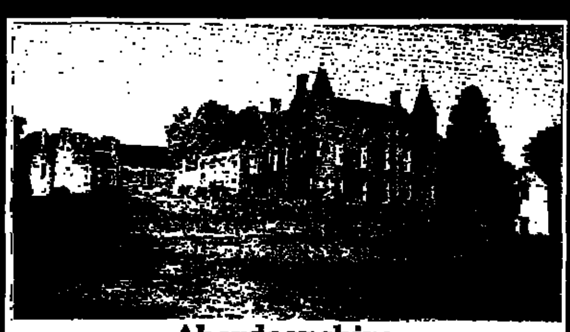

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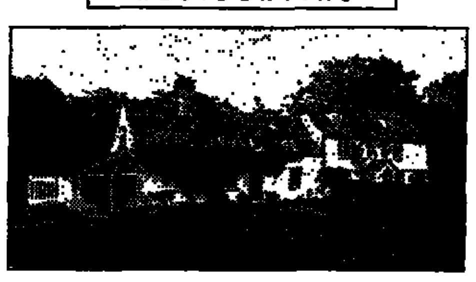

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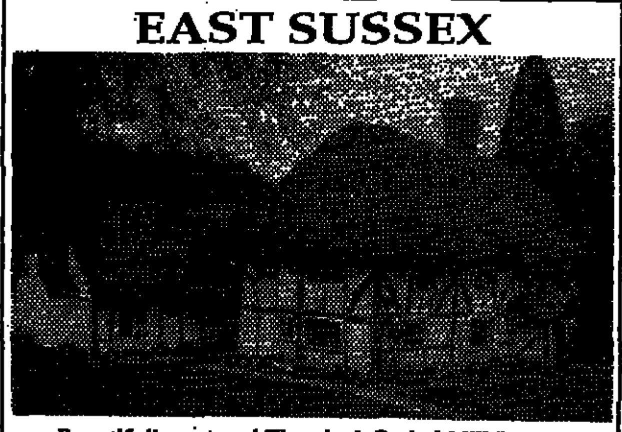

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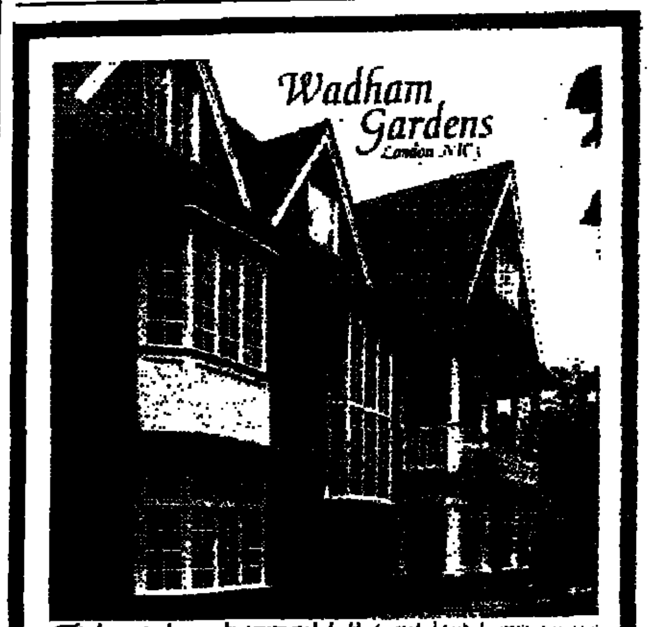

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Blanket coverage for cold nights

Make sure your plants wear their woollies this winter, says ***Robin Lane Fox***

THIS weekend, prepare for the worst; anticipate trouble and hang on to the gains which we have enjoyed all year.

It has been a marvellous year for growth but at some point the frost will remind us how serious it can be. Only ten years ago, the winter was so vile that I vowed never to depend on soft-wooded shrubs again: no cistus, no ceanothus, no abutilons in vital positions. Since then, the vow has wavered, but I have also learned to protect against risks.

At ground level, protection has never been easier thanks to a recent innovation. Most garden centres are now selling Fibre Fleece, a woolly sort of insulation which keen gardeners ought to stockpile in tens of metres.

It looks like the coat of a polythene lamb which has been run once through the washing machine; it lies on top of plants like a moderately ugly winter blanket; it lets through light and water but keeps out the worst of the cold. Not long ago, a *Weekend FT* reader wrote to tell me that since her husband had died, she had "literally buried herself in the garden". I hope she has remembered to take some Fibre Fleece with her, a white cocoon in which I, too, might wrap myself if the winter becomes too much.

This artificial blanket is the perfect companion for the lengthening lists of semi-hardy plants which nurseries are trying to sell us. Under a square of fleece, I brought verbenas through last winter; my blue Mauretanian convolvulus survived January and I have hung on to Osteospermum buttermilk, which is more worth saving than its name suggests.

Above all, I have not lost any of the long-flowering and mat-forming varieties of pink diascia. These families are the making of the summer garden, but most English winters are the death of them. Instead, you can now cut a small square of Fibre Fleece, tether it over a stockplant with stones or clips, and leave it looking off-white and fluffy until next spring when you will have a parent plant for cuttings and divisions to give 1992 a flying start. Most of these varieties cost £2 each or more in summer, so the winter blanket at about £5 for a serious width soon pays for itself.

It is not easy to fleece plants of any great height. Here, you have other options. The first essential is not to cut marginally hardy plants down when their top growth turns brown in early frost. Leave the penstemons looking ragged, uncut fuchsias and plumbagoes with canopies of deadened growth. In April, they will start to sprout again all over their own debris.

They are even more likely to sprout if you smother their bottoms. Frost is particularly lethal when it goes deep to the root: protect these plants, therefore, with a heavy mound of ash, bracken or debris, piled round their root-run during the next few days. Straw is often recommended, but I avoid it as it blows all over the garden.

A mound round the roots is a wonderful rampart for summer-flowering fuchsias. We are all too shy of these plants because of their supposed tenderness, but if only we remembered to cover the hardier varieties for the winter, we could depend on many more of them.

At the Botanic Garden in Leicester, scores of varieties are grown where books say they ought to die: in full sun, protected only by deep planting and a mild top-dressing for the winter. The garden has a list of more than 70 forms which it now recommends for an outdoor existence. There is much more here than the dull old Tom Thumb in red and purple, but we have not yet woken up to the potential.

At higher levels, the same rules apply, but fleecing is out of the question and the defences have to be different. Experts have changed their mind quite often about the best method, but the current thinking on all shrubs is in favour of netting them.

If the experts are right, there is no point in building elaborate frames and wrapping a tender hoheria in heavy-duty polythene: unlike a fleece, this sheeting keeps out rain and lets in most of the frost. It is more efficient to smother the roots with debris and, on present advice, to stretch a length of green netting a few inches in front of each wall-shrub's branches, like a tennis net on stilts. This barrier of netting will keep off the worst winter chill and cope with the odd air-currents which a wall sets up. The debris will protect the roots while the netting takes off the worst degrees of frost and scorch.

This winter, I have the ideal candidate for an experiment. It is a wonder of a wall shrub which has put on three feet of growth in one year, broadened into a fan and grown like nothing else. We all know and mistrust the blue Ceanothus from California and surrounding areas, few of which are really hardy, but my champion grower is a selected form from Cornwall.

Ceanothus Trewithen Blue has a spectacularly large evergreen leaf which is asking to be abused by frost. Its heads of flower are a brilliant rich blue in early summer and it grows at a stupendous rate. In three years it has made a tree that has scaled the battlement of Oxford's old city wall. It bulges outwards and thrusts sideways and, as long as it is sheltered, it covers any sunny aspect in a cloud of magnificent green and blue.

The trouble, of course, is that it hates a hard winter. It would be excellent against a warm chimney breast in a town garden where it has sun, but after this year's progress I intend to net it. I hope the experts know their facts and that a string vest, not a close-wrapped blanket, is the best way to bring this fine performer to the starting-gate for 1992.

Always look on the seedy side of life

Arthur Hellyer finds out what's new in the catalogues from leading seed companies

SEED catalogues seem to be posted earlier every year and nearly all have now arrived.

There are several reasons for taking a timely look at them, not least that some seedsmen offer special cash discounts for orders received before the end of the year.

Another is that there is another remarkable increase in the number and variety of plants, as distinct from seeds, offered by some of the leading seed firms, most of which have to be ordered a considerable time in advance.

In some seed catalogues plants occupy a lot of space and cover a lot of different varieties as well as several different sizes of seedling. The smallest are seedlings just germinated and ready for pricking out. They are supplied in cartons which often contain so many seedlings that it is possible to share them with a friend or neighbour.

Then there are plants known as "plugs", little cones of fertile soil each of which contains a single plant ready to be planted just as it is in a pot or container. The cones slip easily out of the special plastic trays in which they are grown and, because the roots are undamaged in the process and the little plugs of soil are especially rich, the plants grow vigorously.

Plugs are of various sizes but usually no choice is offered, each retailer opting for the size that he thinks gives the best and most economical results.

Some do not even call them plugs but invent a non-technical name, such as Easyplants. A third option is even larger plants supplied later in the spring in cubes of soil.

Plants will never take over entirely from seeds but for those that are a little difficult to germinate, or need rather high temperatures, or special treatment, there is a great advantage in them and the public is taking to them in a big way.

The young seedlings are cheap but, as they are just out of the propagator, they need a little skill in handling and probably a greenhouse, frame or at least a small, heated propagator to start them off.

Plants in plugs arrive several weeks later, when days are longer and conditions better for growth. I have handled them quite successfully on a sunny window ledge where there is the advantage that they are right under one's eyes. Plants in pots come still later and in many cases can go straight outdoors.

Some seedsmen are offering a treatment for seeds which develops the embryo within the seed almost to the point of germination. Then the treatment is suspended and the seeds undergo final treatment and packeting.

This method, known as primed seed or prime start seeds, results in faster germination and growth. As yet it is offered for only a limited range of seeds.

Breeding of seed-raised plants is now largely in the hands of specialists who sell their products in bulk to the commercial producers of pots and also to the retailers of seeds for the private market such as Sutton Seeds, Dobbies, Carters, Unwins, Thompson & Morgan, Mr Fothergill, Johnsons and Marshalls.

As a result, fewer new varieties are confined to one retail outlet and many are available from several different seedsmen. However, there are exceptions. Unwins, for example, continues to breed its own sweet peas and usually has about three to add to the list every year. This year the varieties are Rosalind, rose pink on a cream ground, Camilla, lavender on white, and Ken Colledge, deep mauve.

Thompson & Morgan usually has something out of the ordinary. This year it is offering a new African marigold named Striped Marvel. It is a couple of feet high and has single flowers that are evenly striped in red and yellow. It is striking but rather too sparsely branched to make a good bedding plant on its own. It would look well growing up through something denser.

Nemophila Penny Black, also from Thompson & Morgan, is another highly unusual plant, a prostrate annual with cup-shaped flowers that are nearly black with a white rim.

Among the novelties that almost everyone seems to have is Fuschia F1 Chimes. In spite of the F1 designation this is not a variety that will produce the wonderful level of uniformity in colour and habit we have come to associate with these special hybrids. On the contrary F1 Chimes will give a full range of fuschia colours and some variation in habit, including plants suitable for window boxes and hanging baskets.

What the hybridity does for it, according to the raisers, is to make the seeds easier to germinate and the seedlings to grow into flowering size more rapidly.

The new free-flowering geraniums are settling into their proper places in the garden. It would seem that Sensation, which has rather lightweight petals, is going to be outstanding for pots and other containers, both in sunny sheltered places outdoors and in conservatories. Multibloom varieties, which have larger and thicker petals, are superior for beds in the open although, having said that, I must add that the Sensation flowers are charming in their lightness – a breath of fresh air in the geraniums-from-seed market.

Breeders seem to be giving verbenas a further examination and several new varieties are available. I particularly like Peaches and Cream which several seedsmen have. It is well described by its name and not a colour I can recollect having seen before in this often rather brash plant. There is an interesting new lobelia called valida which has 2ft to 3ft tall, thin, erect stems, bearing Cambridge-blue flowers.

It would look best growing up through something else to give it bulk and I can imagine it as delightful in a large container of mixed annuals and perennials.

The form I have seen at Unwins is called Blue Ribbons but Thompson & Morgan is offering one named South Seas. Whether it differs I do not know.

Other plants I have noted during my summer travels around the seed trials are Impatiens Mega Orange Star, which is said to stand hot days better than most Busy Lizzies, Salmon Profusion, one of the most free-flowering of all Impatiens varieties, and a bedding Salvia named Dress Parade, for those who want a change.

There is also a new Cosmos, only half the height (about 2 ft) of the normal varieties and producing very fine flowers. The one that everyone has is called Sonata and is pure white with a yellow centre.

Plant of the week

Nerine bowdenii

This South African bulb has a largely unfounded reputation for tenderness. If it is planted in well-drained soil in a sunny place, preferably at or near the foot of a south-facing wall, and if the bulbs are completely covered with soil, it is likely to survive for years in many parts of Britain.

Nerine bowdenii produces clusters of rose-pink flowers on stout stems 15 inches or so high in early to late autumn and flowers most freely on soils that are not very rich. The strap-shaped leaves appear after the flowers fade and die down in early summer. The best time to purchase is from January to March but bulbs in the garden can be moved from one place to another in August while they are at rest. However, it is unwise to re-plant frequently. Bulbs will multiply into large colonies over a period of years.

A H

BOOKS

Driven by disciplined denunciation

Anthony Curtis finds John Osborne's second volume of autobiography a funny, offensive, compelling read

AFTER THE first night of *Look Back in Anger*, John Osborne was made angry all over again when he read the notices in the dailies. "You didn't expect them to *like* it, did you?", said Tony Richardson, the play's director. George Devine, head of the English Stage Company and godfather to the play, "told [Osborne] there was quite a good notice in the *Financial Times*." It had been written by Derek Granger and appeared in the paper of May 10, 1956: "This is a play of extraordinary importance. Certainly it seems to have given to the English Stage Company its first really excited sense of occasion. And its influence should go far, far beyond such an eccentric and isolated one-man turn as the controversial *Waiting For Godot*".

So much for the myth that the dailies all slammed *Look Back in Anger* and that it took Kenneth Tynan's review in the *Observer* to put it on the map. Granger had given it an absolute rave three days earlier. Even the popular dailies were not too bad. John Barber, writing in the best Beaverese in the *Daily Express*, said that it was "intense, angry, feverish, undisciplined. It is even crazy. But it is young, young, young. It is about a bitter man who has filched an upper-class girl from her prim home."

The play is not, as Barber and several of his colleagues described it, undisciplined. They failed to see that Osborne had his own fresh exhilarating brand of dramatic discipline based on a free-flowing dialogue of invective and confession rather than the spare tightly-corseted, "Very flat, Norfolk" kind of dialogue to which they had become accustomed.

A similarly disciplined mood of denunciation informs this offensive yet compelling autobiography. Osborne is just as prone to invective in the role of memoirist as dramatist and, if anything, more consistently amusing. He shows in precisely recalled detail how the success of *Look Back* utterly transformed his life. The Establishment that he had denounced retaliated by recruiting him into its ranks. People like Noel Coward, John Gielgud and Laurence Olivier rushed to see it. They relished Osborne's refreshing eloquence, his coruscating indignation, his brilliantly timed quips, his ruthless brushing aside of the cobwebs of deference, and, above all, his ability to write wonderfully meaty parts. The old masters generously recognised a young master.

Olivier's recognition took the practical form of requesting Osborne to write a play for him and, most unusually after such a request, doing the play. Among many hilarious moments of off-stage comedy in *Almost A Gentleman* is Osborne's account of the casting conference he and Tony Richardson attended with Olivier and the adroit way they handled his attempt to

ALMOST A GENTLEMAN: AN AUTOBIOGRAPHY VOL. II, 1955-1966
by John Osborne
Faber & Faber £14.99, 283 pages

cast his then wife Vivien Leigh in the role of Mrs Archie Rice.

If we had thought of Osborne as being sensitive only to the dramatic possibilities in the unstabling events of his own life – a contested divorce, bloodhound gossip-columnists on his trail, the need to escape from the servitude induced by a dominant film director- he then surprised us by writing a play about Luther and adapting one by Lope de Vega. Next, after much brooding and consultation with gay friends like Isherwood and Don Bachardy, came *A Patriot For Me*.

Apart from the notorious Drag Ball which has ensured the play's frequent revival on the continent, historians like A.J.P. Taylor were impressed by Osborne's grasp of the hierachies within the the Austro-Hungarian empire. It will be for future directors to decide what continuing life there is in plays like *A Patriot*, *The End of Me Old Cigar*, *West of Suez*, and many more which, after Osborne's association with the Court ended, went straight to the West End; but it is already clear that in none of them did he find as resonant a metaphor of British life as that of the old music hall trouper in *The Entertainer*.

Almost a Gentleman gives an alarmingly truthful account of what was going on behind the scenes while those plays were being written. In this volume Osborne savagely bites the hands that fed him. Poor old Neville and Elaine Blond, his patrons at the Royal Court, really cop it; Jews in general in Osborne's view are a "cold-hearted race"; any pretext for a hurtful anecdote about them is readily seized.

Much greater ridicule is reserved for his working-class Mum, Nellie Beatrice, whose letters are mockingly quoted. And ridicule is heaped in great steaming dollops upon the women Osborne married after his divorce from his first wife Pamela, who featured in the earlier volume *A Better Class of Person* (now re-issued by Faber in paperback). The second, third and fourth Mrs Osbornes are all taken apart, as was the first. They were Mary Ure, who played the wife in *Look Back* then married the author; she was an uninhibited Scottish lass who became the toast of Broadway for a time; Penelope Gilliatt, who invented the fictitious Folkestone Film Festival in order that she and Osborne could spend a clandestine weekend together in Kent (wouldn't her then husband have been curious to see the article?); and Jill Bennett, the actress once likened by Tynan to Donald Duck, on whom Osborne launches an outrageous posthumous attack. I always thought her reputation was inflated, but does she really deserve this?

Then there are those women whom Osborne lived with but did not marry, to whom he is marginally kinder: the tiresome call-girl Francine who floats enigmatically in and out; and Jocelyn Rickards, the costume designer of many of the Court productions. Osborne retains his affection for this much-loved-by-the-famous lady, but he records the traumatic moment – also given in her own memoirs – when she received her great put-down from Tony Richardson. She unwisely ventured an opinion about the film of *The Entertainer* on which they were working, and was told: "You're employed to design the costumes, not to intrude your opinions on the rest of the film".

It is Osborne's close working relation with this extraordinary man Richardson – in their years together at the Court and then as co-directors of the film company Woodfall, which made films of the plays and of *Tom Jones* with a screenplay by Osborne – that is the most revealing aspect of the book. Richardson's genius, his whiplash off-the-cuff utterances, his Iago-like grip on people desirous of his praise, and his grandmasterly manipulations, are all caught with a fine mimetic accuracy. Exactly what caused the final break we are not told.

I was glad to hear on the South Bank Show last Sunday, that some time after the period covered by this book, when Osborne's life was in a complete mess, he found contentment and a lasting marriage with, of all people, a drama critic.

Plain tales from India

MARK TULLY is an unusual Englishman who would have irritated Rudyard Kipling but delighted E.M. Forster. He is not a snob. Hypocrisy does not touch him. He is not ashamed to use public transport or eat in roadside *dhabas*. He was born in India, speaks fluent Hindustani and has represented the BBC there for the past quarter century without going "native".

He has established his reputation for a variety of reasons. He knows well the several Indias that exist. He is at home

NO FULL STOPS IN INDIA
by Mark Tully
Viking £16.99, 336 pages

in all of them. In his reporting he is never superficial, supercilious, condescending, patronising. Nothing of the stereotype about him. That is why he has produced such a very good book, free of stifled pathos, pseudo-profundity and simulated sensitivity.

No Full Stops in India is a splendid title. The ten essays, written with clarity, warmth of feeling and critical balance and understanding, provide as lively a view as one can hope for of the panorama of India. Mark Tully has strung together diverse Indian beads with great skill and disarming candour. "The stories I tell in this book will, I hope, serve to illustrate the way in which western thinking has distorted and still distorts Indian life – I might almost say they are parables. They provide no answers to India's poverty, but I do believe they suggest where we should begin to look for these answers – in India itself".

He quotes Mahatma Gandhi to support his contention. "My Swaraj (self-rule, or independence) is to keep intact the genius of our civilisation. I want to write many new things but they must all be written on the Indian slate. I would gladly borrow from the West when I can return the amount with decent interest".

The "stories" touch Indian life in the raw and at levels which hardly any foreigners care to see or examine. The Indian elite – not one of Tully's favourite tribes – never ventures near the India of this book. They worship the tin god called consumerism and they perpetuate Western culture and intellectual imperialism. Rightly, Tully has little time for this lot of my countrymen.

The first "story" is about Tully's inscrutable, loyal and possessive domestic servant, Ram Chander. Then we have an energetic and authentic piece on the Kumbh Mela at Allahabad – the largest religious gathering in the world and an administrative and organisational wonder. Next an amusing essay on Ramanand Sagar's TV version of the great epic *Ramayana*, which brought India to a halt for an hour each Sunday morning for nearly two years. "Operation Black Thunder" is again reporting at its best – gripping, no frills, no moralising, just unembroidered facts, some observed at first hand, others related by individuals who are not putting on an act.

Tully knows that India's forte is crisis management and that somehow we shall muddle through. Only in Patna, the capital of the State of Bihar, does he begin to despair. In Bihar, to use an Indianism, democracy has degenerated into "demonocracy", with political thugs calling the shots.

These "stories" add up to something very substantial. The spirit of integrity stands out on each page. The book should persuade people in the West not to write India off. As Mr Vibhav Bhushan told Tully in Allahabad, "All you can do with the materialism of today is to keep your cool, keep your philosophy, and do what you have to do to exist in society. Our ways have survived for thousands of years. You are children of today".

Pay heed, ye of the West!

K. Natwar-Singh

John Singer Sargent's view of the Grand Canal

The alternative Venice

"VENICE IS quite the Venice of one's dreams, but it remains strangely the Venice of dreams, more than of any appreciable reality." So wrote the young Henry James on his first visit in 1869. His encounters with Venice and its centrality to his writing extended over four decades, a period in which other writers and artists also explored new aspects of the city.

Venetian Hours tells the story of the search for a "Venice within Venice" by James, Whistler and Sargent, all three Americans, contemporaries and professional cosmopolitans. Beautifully written and remarkably well illustrated, the book traces the intersections of their paths across the city and within the expatriate American circles of Katherine DeKay Bronson and the Curtis family. It is a finely nuanced story, with figures like Robert Browning and Claude Monet playing minor roles.

Though James occupies the greater part of the narrative, it was Whistler who first gave tangible form to *Venezia minore*, away from the marbled facades of the Grand Canal. He only visited the city once, during the winter of 1879-80, but his miraculous etchings and pastel sketches uncannily fixed the evanescent quality, the "inexorable decay" of the once proud republic. Whistler frequented obscure

THE VENETIAN HOURS OF HENRY JAMES, WHISTLER AND SARGENT
by Hugh Honour and John Fleming
Walker Books £20, 179 pages

canals and *calli*, gardens and tenements, evoking the paradox James later defined as "the delighted senses and the divided, frustrated mind" of pleasure created by the poverty and squalor of the Venetians themselves.

John Singer Sargent also came to Venice in 1880 and was captivated by the out-of-season atmosphere in autumn. His Venice was even less conventional than Whistler's, focusing on bits of vernacular architecture and anonymous byways which even now defy identification. For Sargent, Venice was a release from the relentless round of portraiture which dominated his life in London; for James, Venice became a protagonist in works like *The Aspern Papers*, *The Princess Casamassima*, and *The Wings of the Dove*.

If there was a common thread to their Venice, it was an anti-Ruskinian bias against regarding the city as a gothic theme park and an affirmation of a different kind of aesthetic pleasure, more fleeting and more abstract. Venice embodied the *ancien regime* which the 19th century destroyed. "Nowhere else," James wrote towards the end of his life, "has the past been laid to rest with such tenderness, such sadness of resignation and remembrance." Hugh Honour and John Fleming admirably capture this lost world, and *Venetian Hours* is an indispensable addition to Venetian lore.

Bruce Boucher

Post Office to Pallisers

IF HE had done nothing else, Anthony Trollope would be remembered as a great Victorian reformer. Entering the Post Office as a junior clerk, he took a few years to make an impression, but as soon as he was given responsibility his prodigious energy found a worthy outlet.

Although Sir Roland Hill had invented the universal penny post in 1840, there were still postmasters who refused to deliver to homes or who charged a fee of their own for handing over the letters. In Trollope's first major appointment, as assistant surveyor of the Central district of Ireland, he rode 40 miles a day visiting post offices all over a huge area, rooting out the corrupt, the lazy and the incompetent.

So great was his success that he was asked to do the same for the Western districts of England and then elsewhere. Everywhere the improvements in efficiency were dramatic. Trollope appeared as irresistible as the wind and as tireless. Among other innovations he introduced the pillar box.

As the new biography by N.John Hall makes clear, Trollope gave overriding priority to his Post Office career. He was bitterly disappointed not to be made Assistant Secretary following Hill's retirement in 1864. Trollope declared himself willing to give up many of his outside interests, including the fox-hunting which he pursued passionately three times a week in season.

Between times, Trollope wrote 47 novels, 60 stories and a large quantity of non-fiction such as biographies and travel-writing. On the shelf his books total about 137 volumes, mostly thick. (He easily overtook his mother's record of 41 books in 115 volumes, but then she only started when she was 53.) He could keep up a steady rate of 250 words every 15 minutes, composing at his desk, on trains, in hotels, on board ship – wherever he happened to be.

Many of the novels are still being reprinted and half a dozen would be candidates for any canon of the best of English literature.

Professor Hall's biography is the third to be published in the last three years. A fourth is known to be on the way, and there will be others. All will be reliant on the same sources, Trollope's surviving letters (which Hall has edited), his autobiography, and the evidence of the writings themselves.

Hall's approach is comprehensive. He sets out the established facts in chronological order with the minimum of unadventurous comment. The knowledge and industry he brings to his task are impressive, and the book is full of interest, particularly about Trollope's earlier years. How-

TROLLOPE. A BIOGRAPHY
by N.John Hall
Oxford £25, 581 pages

ever, in declining to be drawn into speculation, selectivity, or interpretation, Hall has allowed the agenda of his book to be determined by the random pattern of survival of documents.

We are given more information than we want on the financing of the books because the publishers' records on these matters exist. The text bristles with names of persons included simply because they are known. Not only are each of Trollope's writings summarised, but we are offered a round-up of the contemporary reviews. Occasionally Hall pulls together Trollope's comments on a topic, such as women, but the book as a whole too often betrays its origins in the card index and the PC. The book is an invaluable volume of reference, but it is more a draft waiting to be shaped than a finished work of biographical literature. If we are to understand such a remarkable man as Trollope, we need more.

William St Clair

In praise of the plebeians

THERE ARE few more important figures in social history than E.P. Thompson. Until recently, however, explaining his eminence to anyone outside the ranks of professional historians has not been easy. Even within his profession, he has been held a gifted but unreliable figure.

Had he devoted his entire life to scholarship, he would perhaps have attracted more generous treatment. Instead, he postponed his interest in academic history in favour of the politics of peace and spent 20 years campaigning against nuclear weapons and superpower rivalry, a latter-day Bertrand Russell.

Apart from the monumental *The Making of the English Working Class*, published nearly 30 years ago, and a few less ambitious volumes, Thompson's contribution has been buried away in a host of journals. In bringing together his pioneering essays, and adding a trenchant review of two decades of criticism, *Customs in Common* allows a fresh scrutiny of his thinking.

There is not much new in this book, but it is a measure of Thompson's achievement that his work stands up with a freshness and jauntiness that belie his seniority. It is also testament to his unusual energy that he has returned to scholarship despite suffering serious illness.

To understand Thompson's importance, we must turn to his origins in the history group of the Communist Party where, with the likes of Maurice Dobb and Christopher Hill, he was driven by a fascination with transition debate – where did capitalism come from and how

CUSTOMS IN COMMON
by E.P.Thompson
Merlin Press £25, 547 pages

was it imposed on existing, essentially feudal social structures?

Thompson's particular contribution was to take social history on to new ground. He drew away from institution-based labour history which looked at, say, formation of trade unions. He also spurned a history in thrall to sociology, developing instead what might be called a flexible Marxism, the aim of which was to recapture the experience of the popular classes in the past.

For Thompson, the past has increasingly meant the 18th century, a period he sees as a sustained moment of transition towards a capitalist society. When it appeared in 1963, *The Making of the English Working Class* was a radical departure. Thompson's account of the labouring poor and its adaptation to the early years of industrialisation up to 1832 was unprecedented in its breadth of scholarship and in the authority with which it described a hitherto little explored culture.

In *Customs in Common*, he again concentrates on plebeian culture, elaborating on the idea that it stood in stark opposition to its patrician counterpart. This work goes further in tracing the roots of popular behaviour. Calling on ancient customs, some of which Thompson neatly shows were pure invention, the common people resisted the imposition of disciplines and measures based on new theories of political economy.

The book vividly describes a plebeian culture consisting of authentic, spontaneous realities in a world defined by sharp polarities. It is unsurprising that many historians do not entirely share his vision. Some of Thompson's critics have chosen to lay more emphasis on points of cultural consensus, such as patriotism and respect for the law. Others have pointed out that his view tends to obscure divisions within what are otherwise portrayed as solid groups – for example, just as the popular classes were often divided among themselves, so political economists were divided in their attitude towards the market.

Thompson enjoys taking his revenge on his critics. His mischievous willingness to fire darts at other scholars calls to mind the antics of a much younger historian like Jonathan Clark. He can do so confident in the knowledge that, but for his radicalism 30 years ago, many of his scholarly descendants would not be asking the questions that form the basis of their disagreement.

He has no regrets about his career, indeed is confident that the peace movement was central to the dispersal of what he calls the polluting cloud of the cold war. There is a common intellectual thread here connecting his view of the past with his concern for world peace. It is the idea that the arrival of industrial capitalism marked a watershed in human development, fissuring older forms not just of work but also of social interaction – the customs and rituals hinted at in the book's title. We are still wrestling with the consequences.

Andrew Freeman

Fiction

Closely observed life

I DO not usually look forward to reading fictions about writers, least of all ones which are autobiographical, but in *Something Happened Here*, Norman Levine observes his own life without pretension, self pity or self importance. He was born in Ottawa but lived for 31 years in St Ives before returning to Canada in 1980.

In this portrait of the writer caught between two continents he takes us back and forth across the Atlantic to his self-reliant mother in a senior citizens apartment building in Ottawa, a group of students on a writing course he taught in Cornwall; to friendships with a group of rootless Eastern Europeans in Toronto, a French ex-naval officer in Dieppe and a failed writer in New Brunswick. Levine leaves the moral judgments to his readers; he views his characters with compassion and an interest which is never condescending. The anger of an Israeli taxi driver, the sorrow of a Yugoslav janitor are as significant as the bitterness of an ageing poet.

His plain, almost staccato style, his sensitivity and openness, his robust enjoyment of the colours and textures of the urban and rural scenes he passes through, serve him well. We know there must be something beneath the bare descriptions, the matter of fact utterances of his characters. We begin to see the connections Levine is always making between past and present, memory and action, the trivial and the profound: between the coins his mother presses in his hands, the dollar bills a group of fanciful bankrobbers distribute in a small village and the anonymous Christmas gift of smoked salmon he received many years ago when he was struggling to support his family. A real gift is given without hope of gratitude.

SOMETHING HAPPENED HERE
by Norman Levine
Viking £14.99, 194 pages

NOISE FROM THE ZOO
by Janice Elliott
Hodder & Stoughton £13.99, 189 pages

WINTER'S TALES
edited by Robin Baird-Smith
Constable £13.99, 304 pages

The casual nature of these stories is deceptive; Levine carefully chooses this memory, that character, incident, setting, to reach a simple truth, one we might think obvious but would not trust until he shows us how it has shaped his life.

We are drawn into Janice Elliott's quirky tales as much by the intriguing plots as her lucid style, her sly, inviting tone. In *The Noise From the Zoo* she writes about eccentrics and extremists, about the exotic blooming in ordinary lives: a collector who finds perfection in his exquisitely beautiful wife's fatal illness, the shopkeeper who retires to his bed and becomes a saint, the man who decides to dig a hole in Regents Park because "it was empty, meaningless, the perfect motiveless act".

We are always interested in the fate of these characters, and yet we feel dissatisfied at the end of each story. We remain witnesses, even voyeurs. Look at this strange, even tragic life, Elliott urges and just when we might see something familiar in a character's obsessions, she pulls us back into the safe, the known, the conventional. She lets her chief witness, the perplexed narrator, have the last word: "As passion goes I prefer the everyday."

The seventh edition of *Winter's Tales*, a collection of short fiction selected by Robin Baird-Smith, is disappointing, with many of the stories relying on a twist of plot or an obvious irony for their resolution. The title of the series conjures up dark stories of mystery and magic, listeners on the edge of firelight insisting "And then? And then?", but these are more mannered tales.

Wendy Brandmark

ARTS

The Dark Ages illuminated

Gerald Cadogan hails the Anglo-Saxon exhibition at the British Museum

WHEN THE Romans left in 410 AD, the country was Britain: but when King Alfred died in 899 AD, it was England. *The Making of England* is a stunning joint exhibition by the British Museum and the British Library (till March 8) of the treasures of the kings, scholars, church men and craftsmen who gave England its identity.

Jewellery, ivories, manuscripts and sculpture have been brought together from all over the country, and the continent, to show that the old idea of a Dark Age between the Romans and the Normans is spectacularly false. An early renaissance is a better term, as it was Rome that set the new era on its way when, in 597, Augustine landed in Kent bringing Christianity to the country. (It had disappeared when Roman Britain collapsed.) The gospel he may have brought with him introduces the exhibition, open at a picture of a winged ox above St Luke ready to put pen to paper.

The locals welcomed Augustine and his Mediterranean ideas and images. They could now see themselves as protectors of the Church – and also protected by Christ, like the great emperor in Byzantium, and wore crosses or had christian legends cut on their helmets. But not everybody changed. In East Anglia the king buried at Sutton Hoo was pagan, even though he had a pair of silver spoons, one with Saul in Greek and one with Paul. They were probably a diplomatic gift, and do not necessarily mean he had converted.

The key new institutions were the bishops, who gave an alternative system for running the country, and the monasteries, which were to be a pattern of christian life and a place where scribes could spread the word.

The monks' texts are as bright and golden as the king's elaborately chased jewels, pins and buckles. The same motifs appear in the different media: the vine and scroll pattern – the vine a symbol of Christ – or the Tree of Life, or the Tree of Jesse appear, or all combined. Scrolls, birds, plants and animals fuse into each other, creating an energetic, fresh view of the world – until you realise its classical roots. A church screen with vine and birds from Jedburgh in the Borders is pure Byzantium. Equally astonishing, even though this exhibition is about the top levels of society, is the amount of gold and garnets the Anglo Saxons had. Only after 750 did gold become scarce, when the jewellers turned eagerly to silver.

The other great influence was from Ireland. Irish monks took the faith to Scotland, and from there it came to Northumbria when King Oswald invited Aidan and the monks of Iona to found a monastery at Lindisfarne, which bred a glorious mixed tradition from Celtic and Mediterranean roots. From 698 the monastery had a great saint in Cuthbert. He died there in 687, but his body had not rotted and his cult was to live for centuries, honoured with treasures such as the exquisite Lindisfarne gospels.

Unfortunately the Vikings raided in 793 and his shrine had to be moved to Durham, where people sill gave him offerings of silk, crosses and a portable altar. In his coffin, opened in 1204, was a Gospel of St John dating to 698 in its original red goat leather cover, the oldest binding in Europe still on the book it was made for. It now belongs to the Jesuits.

A carved whalebone box, the Franks Casket, is the strongest example of the mixed tradition in Anglo-Saxon culture. It jumbles Christian, Jewish, classical and Germanic scenes, from Wayland the Smith (also known in Berkshire) to Romulus and Remus, and Titus sacking Jerusalem, with texts in Latin and Old English. Most of the box is in the British Museum, part in Florence.

In the 8th and 9th centuries Anglo Saxon missionaries set off for the continent, followed by craftsmen who were soon producing for foreign patrons works such as the huge gilt and copper Bischofshofen Cross (in Salzburg). Another masterpiece is the ivory book cover from Belgium, which blends Anglo Saxon scrolls, snakes and beasts, with north Italian scenes of the Annunciation and Visitation, and Christ triumphant holding the Book in one hand and in his other the Cross over his shoulder as if it were a mace. He looks ready to hit somebody with it.

At this time Mercia was the principal power in England, whose famous King Offa ordered the 150 mile long dyke to separate England from Wales, emulating Hadrian. In 825 Wessex took over the supremacy – though the real danger was the Vikings. It needed Alfred (871-909) to cope with them, splitting England between the Danelaw (east of Watling Street), where he negotiated minority rights for Anglo-Saxons still there, and the rest of the country, where he was recognised as the first King of England.

Ivory book cover from Belgium with Christ shouldering the cross like a mace

An extraordinary man, he introduced a proper law code, fortified the country and translated Pope Gregory on Pastoral Care into English. He commissioned the Alfred Jewel in gold, rock crystal and enamel with a central figure who is not the king, but a personification of Sight – an allegory of his reign. The Jewel is the ornamental head of a bookmarker, used ceremonially to show someone reading aloud where to begin.

Alfred used language and laws to unite the country as it had not been since the Romans left five. It is ironic that this made England all the easier for the Normans to conquer in 1066.

The Making of England rounds of a distinguished term at the British Museum for Sir David Wilson, who started with *The Vikings*. This exciting major exhibition is sponsored by Robin Symes Ltd and British Steel, with support also from OWL International Ltd., Research Machines plc, the Goldsmiths Company and Mercedes Benz (UK). The excellent catalogue costs £16.95.

Year of Utopian dreams

Antony Thorncroft applauds Swansea's literary pretensions

THURSDAY'S announcement of a staggering 14 per cent uplift in the Arts Council's grant for 1992-93 temporarily silenced the critics who complain that chairman Lord Palumbo's childlike wonder was steering the Council towards Utopian dreams rather than delivering cash now to hard pressed clients.

But, as in his talk of commissioning a musical tribute to celebrate the opening of the Channel Tunnel on a par with the *Aida* that Verdi tossed off to mark the Suez Canal, Lord Palumbo still likes to dream. And, against all the odds, some of his fantasies sprout solid roots.

Take Arts 2000, a Palumbo wheeze through which different parts of the country annually immerse themselves in an arts form up to the end of the decade. Inspired by the regeneration that Glasgow managed, at least to its reputation, by being European City of Culture in 1991, it has caught the imagination of local bigwigs throughout the land.

Birmingham was delegated City of Music for 1992, but Scotland, Leeds, and the East Midlands battled it out for Year of Dance in 1993, with the latter winning. Next January three more Years will be decided – Year of Drama for 1994, an eyeball to eyeball fight between Sussex and Greater Manchester; Literature for 1995, in which Swansea competes with Kirklees and Nottinghham; and Visual Arts in 1996 which has attracted shortlisted bids from Bradford, Glasgow, Hampshire and the North.

The campaign mounted by Swansea in its drive to host literature shows just how powerful the image of the arts as the harbinger of outside investment – and the developer of local pride – has become. If Glasgow, Birmingham and Bradford can exploit the arts, why not Swansea, which for years has gently simmered as a blip in the consciousness some miles west of Cardiff?

Unknown to the world, Swansea claims to spend more on the arts per head of its population than any other city in the land. It has homed in on Literature as its path to the big time because the Arthurian legend might just possibly have sprung from the neighbourhood, helped along by honey-tongued Dark Age bards, and by Dylan Thomas, who never shook off his local connections. Swansea also temporarily ensnared Kingsley Amis, although, at least publicly, he does not enthuse about the city.

If your region gets the nod from the selectors, the Arts Council weighs in with £250,000. Swansea plans to raise this to £1m: after all it has two languages, English and Welsh, to promote. Its ambitions are appealing. It hopes to buy Dylan's family home, currently on the market; it will host a feast of bookish festivals, ranging from PEN to promises from the groupies of Jane Austen, Lewis Carroll, Trollope and other societies, that they will hold their annual get-togethers in the city; it has offered permanent space to the Goethe Institut for a Welsh outpost; and its twin cities, Mannheim, Ferrara and Pau, have pledged an international input.

The centrepiece of its bid is a plan to turn the former Associated British Ports building in its maritime quarter, a monument to Edwardian confidence, into a National Centre for Literature which, as well as hosting exhibitions and meetings, would provide a writers reteat, quiet space and facilities for wannabe writers who feel they could amaze the world with their words if given some peace and quiet for a month or so.

The fact that Swansea is gearing itself up so enthusiastically, as no doubt are Kirklees and Nottingham, suggests that Lord Palumbo's vision is in tune with the 1990s. Arts 2000 has certainly done more to generate the regions artistically than the London-led "Glory of the Garden" drive of the early 1980s.

*

Even before it has reached the manifesto of the major political parties, the money from a state lottery is already being spent. The Minister for the Arts, Tim Renton, was this week savouring what he could do with the £250m a year the arts might expect from a lottery.

It is seen as the salvation of the national heritage, allowing the UK to retain all those treasures like the Badminton cabinet and Constable's "The Lock" which were recently sold abroad, each for around £9m – the sum that the national museums and galleries collectively get as their annual purchasing fund. The lottery will pay for the leaking roof at the V&A; the Tate Gallery's outpost in St Ives; the shortfall on the National Portrait Gallery's redevelopment scheme. It will shore up cathedrals and ancient churches. It will pay for the grandiose building projects linked to the Millennium celebrations. It will indeed be wonderful – one day.

*

The results from the auctions of important post-1870 art in New York this week confirm that the art market is still ailing but is over the worst. After all 83 of the 129 lots on offer at the key evening auctions at Sotheby's and Christie's did at least find buyers, although usually at prices below estimate.

Six months ago it was reckoned that prices for an average Renoir, Picasso, Chagall, etc, had fallen by 30 per cent since the peaks of early 1990. It now looks as if the fall is nearer 40 per cent. What will slow any revival is the weight of pictures that owners would dearly love to sell if they could find buyers at half-way reasonable prices. Japan must be heaving with them; hard-pressed Scandinavian tycoons are desperate to sell.

The folding of London galleries does not help matters. Peter Johnson reportedly acquired the stock of sporting pictures from Ackermanns for under £2m, while Sotheby's has the task of slipping on to the market much of the stock from the defunct Heim gallery.

*

The great Royal Court drama has finally been resolved. After decades as artistic director Max Stafford-Clark was loathe to call it a day, but his board wanted a new man and has appointed Stephen Daldry, who turned the Gate into the liveliest, as well as the smallest, theatre in London. To soften the blow for Stafford-Clark it was suggested that there should a long gestation period, with the two men working in tandem. Daldry objected to this chaperoning, but has now relented, plus some. Stafford-Clark stays as artistic director until the end of 1993, and even when he hands over, he will continue at the Court for another two years as associate director.

Rude boy's jazz

Jamaican pianist Monty Alexander at the Queen Elizabeth Hall

IT IS to his credit that Jamaican pianist Monty Alexander can draw a crowd to the South Bank's Queen Elizabeth Hall after residencies at both Ronnie Scott's Club and the Jazz Cafe this summer. He is an engaging character whose cheering music wraps up the West Indies sounds of calypso, soca and reggae in jazz. But better to hear him and his mixed bag of standards, own compositions and home grown folk from a table with drinks on it, I think.

For the Rolling Rock beer-sponsored Arts Council tour, however, there is an expanded and multi-national line-up – known as Ivory & Steel – which fills a large stage. There are two drum kits, percussion and steel drum as well as string bass and a British brass section. And sometimes there is too much music and too many references.

On Thursday he opened with a Latin kickabout and some dialogue with the pan drum of Konkei Hallmeyer before locking into a gangster fusion piece of his own, "Think Twice". This clunked along well enough before being replaced by another fusionesque number, "Look Up" and "Renewal", a ballad of flurried notes melting into a blues walk. Later came "Caribbean Cycle" and, if such a thing is possible, a Calypso dirge called "Cryin".

Bottom heavy with percussion, perhaps, the arrangements are simple and effective and Alexander's piano is resourceful: he trips around a melody as his hero Oscar Peterson might and he likes to quote a lot too, feeding Miles and Aretha into Latin lines. Apparently discovered by Sinatra, and a side man to Milt Jackson and Ray Brown, he has an instantly accessible voice.

But although there is a lot to pick at, from the band's as well as his own playing, Alexander's is not a demanding repertoire. The second half of Thursday's show was very easy going. Starting as a piano trio, Alexander promised something from the Nat King Cole book, for which he is well known, but soon handed over to American Jamil Nasser for a bass rendition of Nature Boy which they closed together as a vocal duet. The stage was then given to Konkei for a pointlessly complicated steel pan piece. He in turn was replaced by Jamaican Marjorie Whylie, stout percussionist and raconteur.

After she and Monty had reminisced around a bawdy version of Harry Belafonte's "Banana Song", the entire ensemble carried off "Linstead Market" in Jamaican folk style and to complete the musical tour, closed with the running rhythm of ska. It is, as they might say in Kingston, rude boy's jazz.

Garry Booth

Radio

Self-centred heroines

MARKING THE publication of a new biography, Radio 4 repeated on Sunday the 1978 production of Elizabeth Smart's *By Grand Central Station I Sat Down and Wept*. This was a fine reading by Maureen O'Brien of the classic evocation of hopeless love, a woman's elegy for her passion for a married man. Virtually it takes place in a single head in a single minute, though the images range through California, Arizona, Ottawa, London, New York, not to mention the Old Testament. Evocation of hopeless love it may be, but it is also an unashamed display of heartless selfishness. As read here, sympathy had to lie with the writer; one must not believe in a real person – she would be unspeakable. Cherry Cookson's direction was ideal, the faint incidental music never distracting attention from the narrative.

As self-centred as Smart's protagonist is the heroine of Sara Paretsky's *Killing Orders*, a six-week serial that opened on Radio 4 on Thursday. This Chicago lady private eye, V.I. Warshawski, has been asked by her Aunt Rosa to find how $5 million counterfeit securities come to be in the safe of a Dominican priory, when she had given genuine ones. V.I. visits the priory (the FBI are already there) and spends an improbable night with English broker Roger Farrant. There are lots of clues (I've read the book), and Kathleen Turner as V.I. (whom she also plays in a Hollywood film to be released in January) will keep things exciting. Besides solving the clues, she comments – sometimes, in Michelene Wandor's adaptation, addressed to her dead mother – on clothes (men's as well as women's), food, Chicago traffic and other current, faintly feminist, matters. Janet Whitaker directs, Roger is Martin Shaw. Stick with this one.

On Tuesday, Radio 3 gave us four short foreign entries in this year's Prix Futura. *Euroanthem*, from Bayerischer Rundfunk, was a comic attempt at a European anthem better than the Beethoven job, but mostly it consists just of names and words in different languages. Then came two squibs from Hungary, translated and done by English players. In *Hooray!* a doctor visits a bed-bound patient. Instead of treating him, he argues with his wife over the value of their property and decides that the patient isn't worth the expense of curing. Instead, the wife signs the bankruptcy forms she will need when her husband is gone and she is "reconstituted" elsewhere to have some healthy children.

The Call eavesdrops on a telephone call from Stalin to Pasternak asking his opinion of Mandelstam's talent. All Pasternak says is that the really great man was Mayakovsky - could they meet and discuss it? But the line is cut, and any attempt to call Stalin back is met with the reply, "Comrade Stalin is busy."

Best of the four was Sudwestfunk's *Der Findling*. It went out in German, for the soundtrack took two years to assemble behind the recitation of Heiner Muller's poem (it means "The Foundling"). A young East German tells of his radical life under socialism; now all his ideas and his memories will be thrown away as the New Germany is to be "drowned in Coca-Cola". My German is rusty, but I was moved by all that I followed, and I heard it several times on tape. The repeated *vergessen und vergessen und vergessen* was heartstopping. The speaking, a kind of German rap, was fine, and the sounds, voices and music over an emphatic side-drum rhythm, were emotive, exciting, sometimes amusing.

Tonight, headed *Thinking Aloud*, Radio 4 will give a reading of Jonathan Swift's *Modest Proposal*. For those who haven't read it, Swift's proposal is that at one year old the children of the Irish poor should be cooked for the tables of the better-off. He estimates the various financial advantage and adds that the process will clear Ireland of excess Papists. I can't imagine who at the BBC thought that, however amusing, this would be a handy programme for the 1990s.

B.A. Young

Saleroom

Polo under the hammer

THE EXTRAVAGANT and eclectic art collection of disgraced 40 year old American money manager Roberto Polo went under the hammer in Paris on Thursday evening to fetch a total of just under £10m (Fr97,390,000).

Held in the Hotel George V and attended by most leading dealers in Europe and every art minded socialite in Paris, the five hour long auction established a world record for French furniture, with the Fr23m paid by Paris banker Jean-Marc Vernes for a jewellery box which once belonged to Marie Antoinette.

The ornate tulip casket, set on spindly ormolu-mounted legs and decorated with Sevres porcelain plaques, work of cabinet maker Martin Carlin, had been coveted by several American collectors, including the Getty Museum; but it was the only item denied an export licence by Culture Minister Jack Lang. Auctioneer Jacques Tajan said foreign bids could have pushed the price to Fr40m.

Meanwhile M. Vernes said he wanted to help preserve France's heritage and would donate the casket at his death to the Château de Versailles.

Held by order of the Paris court to contribute towards the $110m Polo stole from clients of his Private Asset Management Group in New York, the sale was the first in French history to be advertised and promoted by a foreign company – Sotheby's of New York. It was also a dealer's dream. Estimates, which totalled between Fr70-80m, were set low to cater for a depressed market, and because everything, for legal reasons, had to go. Bidding was relaxed, and only a portrait by 18th century French artist Jean-Baptiste Oudry, which failed to raise a single bid, stayed on the block.

Proceedings started with what remained of Madame Polo's jewels – 49 fussy but unremarkable pieces which raised just over Fr3m. Tajan then auctioned two important works from outside the Polo collection: anonymous American and French collectors bought an 1892 Gauguin painting "Te Fare" for Fr52m and a Monet, "Effet d'Hiver a Argenteuil", 1875, for Fr10m, close to their low estimates.

Amid masses of Polo's banal silver cutlery an outstanding mid-18th century French silver mirror was knocked down for Fr450,000, barely half its low estimate while a spectacular 18th century gold box estimated at Fr1-1.2m was picked up for Fr560,000. Three major Van Dongen paintings stayed close to their low estimates of between Fr3-5m.

Polo's art deco furniture collection, not quite tip top quality, interested collectors more than dealers, although two Paris galleries, Vallois and l'Arc en Seine acquired a pair of armchairs by Paul Iribe and a rare Ruhlmann coffee table for Fr330,000 and Fr320.000.

Polo's 18th century French furniture was a major attraction, and dealers had obviously decided not to compete. A Louis XV commode by Martin Carlin with oval Sevres plaques, bought in Paris five years ago for Fr12m, nevertheless sold for Fr15.5m, far better than expected. A small tripod table by the same cabinet maker doubled its high estimate to reach Fr3.2m.

Nicholas Powell

ARTS

Sainted painted ladies

***William Packer** admires German sculpture on show in the Louvre*

GERMAN *Sculpture at the close of the Middle Ages* (The Louvre, Paris: until January 20:) is as dry a title as could be, yet beneath the academic dust lies work as fresh, fascinating and physically ravishing as anything currently on view. Drawn from French public collections by the *Réunion des musées nationaux*, some 90 works in all, it seems comparatively small a show. Its importance to the specialist may be assumed, but to the more general viewer it is important rather for what it tells us of the true scope and nature of sculpture itself.

Its period is the 15th and early 16th century to the eve of the Reformation, the time when throughout Europe, but most especially in the north, in Germany, the Low Countries and northern France, the simpler, idealised truths of the common faith were being challenged by a new and fiercer humanism. The certainties and pieties of established religion remained assured, the imagery and iconography accepted. But now the emotional and imaginative insulation of the ideal was being stripped away. The reality to be faced was that of the human condition as it was felt directly, the consolations of religion conveyed in terms of life itself.

It must have come as quite a shock to see Holy Mary as any young mother in the street, sway-hipped and clutching her Child to her side, or looking down, in a fragment of a Nativity, with the two freshest-faced angels we ever saw. Christ's head, bloody beneath its crown of thorns, is tortured. An angel holds a curtain, like a waiter about to lay a tablecloth. Two bald and bearded apostles, surviving only as heads and shoulders, look like two local business-men come for a meeting, perhaps a drink. Beneath the piety, such naturalism is infinitely touching.

More shocking still, perhaps, was the penitent Mary Magdalen (c.1510) now attributed to Gregor Erhart. There she stands, at the heart of this exhibition, carved in wood and painted naturally, as are most of the other works. At about 5'9" she is perhaps rather tall for her time, and she is naked, dressed only in the cape of golden hair that falls down to her thighs to reclaim her modesty. The pose is easy and natural, weight on one foot, body half turned, head tilted and downcast, hands together to one side in informal supplication. She is a most remarkable creature, a mature and beautiful woman, with her red hair and just a hint of double-chin.

But, from our sophisticated late-modern standpoint, does such naturalism in sculpture still make us uneasy, or should it be allowed to do so? For the received wisdom of modernism has been that of truth to materials, directness of statement and the explicit approach. Things are what they are, stuff is stuff, the object the object. Why go to the trouble of carving an illusion, an image, something that could never be? What is the point?

But how well it is done and, the more we look, how knowing and inventive it is as sculpture *qua* sculpture. If the argument has been to strip the image away, leaving but the bare formal bones of the work, here we have both. Naturalism is metaphor after all, that hair but a contrived formal system, the fall of cloth or skirt across a knee an acute reconciliation of material limitation to observed reality.

To stand before the Magdalen, as before any of these things, is to feel a simple, poignant gratitude that some old artist did indeed see the point. And while the force of the particular religious message may have fallen away, the humanity remains to move us. Mother and Child, the Angels, the Saints, the Christ himself, are no less potent and imaginative a focus for the hopes and fears that are the eternal human condition.

Concurrent at the Louvre are two other shows of related German art: *Drawings of Durer and of the German Renaissance* (sponsored by *la Societé d'assurances Gothaer*), and *German Engravings of the 15th century* from the Edmond de Rothschild Bequest (sponsored by *le Credit Foncier d'Ile de France*).

Gregor Erhart's penitent Mary Magdalen, c.1510

Louche poet beatified

Michael Glover looks at Rimbaud the man as Paris celebrates his centenary

THE CENTENARY of the death of Arthur Rimbaud, one of the greatest poets of 19th-century France, is being commemorated in Paris this weekend with a great swathe of events, concerts and exhibitions at La Villette. *Les Années Rimbaud*, first launched in March of this year to a fanfare of publicity at the Palais Royal, is likely to be remembered as one of the more extravagant and bizarre "grands projets culturels" of the Mitterrand years.

Rimbaud, the poet who turned his back on literature when he was little more than 20 years old, and whose short life – he died, like Mozart, at the age of 37 – seemed to embody a spirit of restlessness and defiant opposition to the values of the society into which he was born, will have been canonised as one of the great cultural icons of those and our times. The devil himself will have been beatified.

Jean-Nicolas Arthur Rimbaud was born in the town of Charleville, in the Ardennes, in 1854.

is The old town mill there was re-opened in 1954 as the Musée Rimbaud. Rimbaud hated Charleville for its cramping, bourgeois oafishness. His father, a captain of infantry who served in Algeria and the Crimea, and whose greatest gift to his son was a translation of the Koran into French that Rimbaud later used to teach himself Arabic, left home when Rimbaud was six years old; his mother, who outlived her son by 15 years, was a strict, overbearing woman for whom Rimbaud's life was a cause of perpetual anguish.

A brilliant pupil who carried off all the prizes from the Collage de Charleville, Rimbaud was fortunate in having the young Georges Izambard as his professor of rhetoric. Izambard, recognising the boy's extraordinary gifts, encouraged him to write poetry. It was to Izambard that Rimbaud, in his 17th year, addressed important letters about the nature and purpose of his own poetry and poetry in general. And it was to Izambard that Rimbaud turned for help when his first adventure ended in near catastrophe.

Rimbaud ran away to Paris for the first time in 1870. An imminent war with Prussia was being rumoured in Charleville and its twin town Mézières, where a garrison was based. Rimbaud never reached his destination: he was arrested for having an invalid ticket and thrown into Paris's notorious Mazas prison. Izambard secured his release.

The following year Rimbaud sent a letter and various poems to Paul Verlaine, already an established poet, who, recognising the younger man's talents, responded *eagerly*: "*Venez, chère grande âme, on vous appelle, on vous attend.*" Rimbaud and Verlaine spent almost two whole years together, years of wandering (Arras, Paris, Brussels, Ostend, London); of vagabondage, drunkenness, acrimonious separations and tearful reunions; of great poetry. Rimbaud's presence had a disastrous effect upon Verlaine and his young wife.

By this time, Rimbaud's image of himself and the behaviour that accompanied it, had been polished to perfection: that clay pipe and its spumes of filthy, reeking tobacco; the long, unkempt hair whose lice he cracked between his fingers; and other equally disgusting personal habits.

It was in July 1873 that the violent incident took place that brought their liaison to an abrupt end. After a drunken quarrel in a Brussels hotel, Verlaine shot Rimbaud in the wrist. He was sentenced to two years imprisonment and the judge ordered that he be examined for suspected pederasty. Upon his release, the two met again for the last time. Verlaine tried to convert Rimbaud to Catholicism. Rimbaud, violently anti-clerical, would not be persuaded. Having lost his "époux infernal", Verlaine retreated into sanctity. Nevertheless, the impact of Rimbaud upon the older man endured, and it was Verlaine who wrote the preface to the first edition of the *Collected Poems* of 1895.

By the mid1870s, Rimbaud had turned his back on poetry altogether and had opted for a life of perpetual wandering, interrupted by intermittent returns to Charleville. In 1876 he signed a six-year contract to serve as a mercenary with the Dutch Colonial Army, but deserted. By 1880, he had made his way to Aden, and it was in the Middle East and North Africa that he was to spend the last ten years of *his life*, trading *in coffee, skins, ivory*, musk, exploring some of the remoter regions of Ethiopia.

In 1876, he was dealing in arms on behalf of Ménékil, King of Choa, a perilous undertaking that required him to ride at the head of a desert convoy of 30 camels carrying 2,000 guns. Unfortunately, his efforts were hindered by Anglo-French accords relating to the export of armaments. The French authorities regarded him with some suspicion, describing him in one official despatch as "louche".

By 1891, he was suffering serious problems with a swollen knee. When the pain became intolerable, he designed a stretcher-bearer for himself and had himself carried back to the coast. When he reached Marseilles, his left leg was amputated, but the disease (cancer) continued to spread, and in November 1891 *he died of it, slowly*, agonisingly.

Rimbaud was a scabrous, surly, insolent specimen of humanity who during his later teenage years briefly nurtured a talent for poetry that seemed to consume his life. His idealism was extravagant, childish, immature in its audacity. He experimented upon himself, with alcohol and hashish, in order to achieve an exalted vision of poetry that he described as the derangement of the senses. He regarded himself as being, in some respects, godlike – *for all his godlessness*. He was concerned to know, to experience, to read, everything that he could lay his hands on; it was with reluctance that the librarian of Charleville's *bibliothèque* handed over the alchemical treatises, the socialist tracts, the pornographic literature . . .

And this year France has been celebrating his achievements with rock concerts, chain letters, poetry competitions for 17-year-olds, compact discs, plaster maquettes, T-shirts and careful modifications of a contemporary photograph that succeeds in *transforming* him into some sulky hero of Euro-rock – as if he were a latter day Jim Morrison. Is he debased and vulgarised in the process? Would he be scandalised? Could *anything* have scandalised Rimbaud?

★

The Plymouth Arts Centre is celebrating the centenary of Rimbaud's death with a series of talks and poetry readings, a publication, *Rimbaud Centenary – Plymouth 1991* (£6.95), and two exhibitions (Oct 26-Nov 23), one illustrating the poet's life, the *other a collection of paintings, drawings* and collages inspired by the poet.

Life on the riverbank

Alastair Muir

Desmond Barrit as Toad in Alan Bennett's adaptation of 'Wind in the Willows' at the National

ALAN Bennett's adaptation of the Edwardian classic *The Wind in the Willows*, revived at the National's Olivier Theatre, says as much about Bennett as it does about the story's creator Kenneth Grahame. It paints a gently reactionary portrait of an England populated by spivish weasels, bachelor rats and chinless toads. There seems little doubt that the fondest affection of both authors lies with Mole (Adrian Scarborough), a perceptive and self-effacing little Northerner, and big, gruff Badger, who treats lost hedgehogs to lumpy porridge in his booklined snug and recognises the value of good, solid commonsense.

It is all so archetypally English in values, tone and temperament, yet so far removed from the wide world of present-day realities. Nicholas Hytner's revived production rightly underlines the humanity of the riverbankers, dispensing with any illusion that this is a twee children's fable: Michael Bryant's Badger – a survivor from the original cast – is rather ferociously styled in black and white. David Ross's Rat is a bossy naval pedant far removed from the relaxed messer-about in boats that I remember from the book, while Toad is a bulbous member of the lesser-aristocracy whose loveable recklessness is offset by a less loveable obliviousness to other people's needs.

Here, I think both play and production could hit harder: Toad does, after all sell his gloriously Eeyore-ish horse (Terence Rigby) for a bowl of stew. The thoughtlessness with which he does so, and the willingness of his friends to forgive him for it, says something rather more barbed about society than is afforded by the damelike affability of Desmond Barrit's Toad (a take-over from Griff Rhys Jones).

But it was ever Bennett's style to allow social criticism to slide by in frivolity. He offers no doubt but that the status quo of Toad lording it in Toad Hall is preferable to a take-over by weaselly speculators intent on developing it into Toad Hall leisure centre and marina.

The best part of it all is Mark Thompson's set, a corkscrew revolve which rotates upwards to plunge us down through the tree roots into the subterranean homes of the riverbankers: neat, wooden units for Rat; venerable oriental rugs for badger and a snug little two-bed garret for mole.

Claire Armitstead

Japanese kitsch

FOR a race with such a gift for elegant austerity, the Japanese have a remarkable weakness for the extravagantly tacky. *Watching* Tokyo's Third Stage Company at the Mermaid Theatre after Noh and kabuki is like sitting down to a Kurosawa film and staying on for one of those appalling game show clips.

The problems seem to begin when the Japanese allow themselves to be impressed by Western trivia. With *The Angels with Closed Eyes*, writer/director Shoji Kokami takes an allegorical *stab at three-minute* culture, with a futuristic pop fantasy set after the holocaust in an atmosphere-controlled dome where a utopia is going predictably wrong. Goings-on in The Town are observed by a kitsch little angel, whose companion forsakes him to become a human called Gabrielle. And what goings-on they are: marriages, divorces, power, fame and terrorism locked within the fast-forward format of the three-minute take and punctuated by the hearty refrain: "Eet's showtime." (Let'z dance).

Kokami's intention would seem to be to reach a young, urban population who will thrill to jokes like "Wings?" "Ringo . . . no George . . . no, Wings was Paul", while imbibing the Serious Message. "There's a difference between truth and things that sell. People want things that relieve them," says ad-man Satch-Satch (sic) Taro to would-be artist Kei.

The show gives a big clue as to why the Japanese should be so at home with Andrew Lloyd-Webber. Keita Asari's *Jesus Christ Superstar* had an innocent datedness that defied cynicism. Here is pastiche that makes knowing nods to the Broadway musical, the Beatles and the Western movie soundtrack but which teeters on the threshold of punk, unable quite to give itself to the explosion of youth culture. So we are left with kitsch melodies and comfortable beats with the volume on high by way of rebellion. Designwise, Brecht meets David Bowie in white padded space suits labelled "Church", "Theatre", "Life", "nation" . . .

Claire Armitstead

Records

Rare opera takes a bow

BETTER KNOWN outside Russia and Eastern Europe as a name *in books than in the* opera house, Glinka's *A Life for the Tsar* or *Ivan Susanin* makes a welcome appearance on CD. Originally called after the loyal peasant Susanin, who in 1613 misdirected marauding Polish soldiers and, at the cost of his own life, saved the new young Tsar, the acceptance by Nicholas I of the dedication prompted the new, longer title, dropped by the Soviets but *now re-instated. A slight case* of over-reaction?

Like many hallowed national treasures, *A Life for the Tsar* no doubt has special appeal for those who have grown up with it. For those less directly involved, musical patriotism is not enough. Non-Slavs may be slow to latch on to Glinka's mixture of Italian and French styles with native woodnotes wild.

The first three acts have their rewarding moments – the Polish dances and, still more, the ravishing women's chorus in 5/4 time – yet newcomers may be wise to turn first to act 4 and the epilogue, covering Susanin's big soliloquy in the forest before he is killed and, in Moscow, the laments of his family mingling with choral rejoicing for the new Tsar. Here the sweep of Glinka's vocal writing and the scoring, clear as frosty winter air, show much greater assurance. In the earlier acts the dramatic pace is sluggish, with a prolixity unexpected in a composer whose mature music is notably concise. The conductor Emil Tchakarov (he died this year at the age of 43), who rises powerfully to the later parts, directs their predecessors with a numbing respect.

The recording was made in Sofia. Boris Martinovich, a young bass with an attractive voice full of vowel-colour and resin, is vigorous, lyrical and tireless as Susanin. As his sorrowing daughter Antonida, a very young Bulgarian soprano, Alexandrina Pendachanska, shows ample promise but should beware of going shrill. That good mezzo Stefania Toczynska is firm and even as Susanin's adopted son, Vanya. The surprise is the tenor Chris Merritt, more *familiar* in Rossini but effectively at home in this music except when his intonation wavers. The Sofia Opera Chorus, some untidy moments apart, sings with full-blooded conviction.

Another opera of major historical importance, thoroughly enjoyable in performance, is Cherubini's *Lodoïska*. The new recording was made live from the production at La Scala Milan (Muti conducting) earlier this year, reviewed here at the time. Cherubini's reputation as severe pedagogue, administrator and composer of *Medée* hardly encourages one to think of him in connection with lighter things. Yet *Lodoïska* is not only an *opéra-comique* in the textbook sense with spoken dialogue but has genuinely comic scenes as well. The score is full of instrumental flourishes and chuckles, clearly relished by Muti and the admirable Scala orchestra.

Recording an *opéra-comique* with dialogue spoken by an international cast is tricky. Here, with the exchanges (in French) short and mostly to the point, the result is tolerable. As she was in the theatre, Mariella Devia's heroine is impressively firm and lustrous in the fine first-act trio, where Lodoïska sings off-stage (calling for help from her prison-tower), less so in later scenes. As Floreski, Bernard Lombardo's voice, small for the large theatre, records well. As Titzikan, the Tartar chieftain who rescues the prisoners, Thomas Moser has to compete with all too audible stage action. Alessandro Corbelli repeats his excellent Varbel – a *buffo* role and the best in the opera.

Decca has released a galaxy of recordings by Renata *Tebaldi, now transferred to* CD. From the complete operas I selected Ponchielli's *La Gioconda*, which fully sustains Tebaldi's reputation as one of the finest lyric-dramatic sopranos of the post-war period. Her performance of the title-role – in the last act a marvellous opportunity for a singer of the right quality – is outstanding. *La Gioconda*, unaccountably neglected by the leading opera houses, invests Boito's lurid melodrama, based on a Victor Hugo play, with a kind of Verdian dignity. It is superior, surely, to many of its *verismo* successors. The strong cast includes Bergonzi, outstanding as Enzo Grimaldo.

The disc of early recordings, with arias by Verdi and Puccini and the complete third act of *Aida* (1952), shows Tebaldi's voice in youthful bloom, natural radiance and breadth of style nurtured by sound technique. In consequence, while sopranos all over the place were pushing their voices beyond their natural limits Tebaldi, as *La Gioconda* shows, conserved her resources intact. In addition she learned to refine her style and go further beneath the surface of a role.

One influence on Tebaldi, it appears, was the records of Toti dal Monte, a distinguished *soprano leggiero* who flourished in the years between the wars. Pearl's selection is a timely reminder of dal Monte's special quality – highly polished execution veined with pathos and humour. Arias by Rossini, Bellini and Donizetti – those from *La figlia del reggimento* are especially delightful. Among other good things, some well-remembered Venetian and Sicilian trifles.

Ronald Crichton

Glinka: A Life for the Tsar (*Ivan Susanin*). *Pendachanska*, Toczyska, Merritt, Martinovich / Sofia National Opera Chorus and Festival Orchestra / Tchakarov. Sony S3K 46487 (three CDs).

Cherubini: Lodoïska. Devia, Lombardo, T. Moser, Corbelli, Shimell /La Scala Milan orchestra and chorus / Muti. Sony RSCD 2450 S2K 47290 (two CDs).

Ponchielli: La Gioconda. Tebaldi, Horne, Dominguez, Bergonzi, Merrill, Ghiuselev / Santa Cecilia orchestra and chorus (Rome) / Gardelli. Decca 430 042-2 (three CDs).

Tebaldi - The early recordings. Verdi and Puccini arias. Suisse Romande and Santa Cecilia orchestras / Erede. Decca 425 989 - 2.

Toti dal Monte. Arias by Rossini, Bellini, Donizetti, songs by Bishop, Benedict etc. Pearl GEMM CD 9493.

Chess No 896: 1 Qa6. If Ke3 2 Nc5, or Kf3 2 Nf2, or Kd5 2 Qc6, or Kf5 2 Qg6, or f3 2 Qe6.

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TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Ovide. 7.48 Opposites Attract. 7.58 The Jetsons. 8.15 Chucklevision. 8.35 Dungeons and Dragons. 9.00 Going Live! 11.15 The Lord Mayor's Show.

12.12 Weather.
12.15 Grandstand introduced by Steve Rider. Including 12.20 Football: European club and championship preview. 12.35 Racing from Cheltenham: The Flowers Original Handicap Chase. 12.50 Football: Round-up and preview continued. 1.05 News. 1.10 Racing: The Whitbread White Label Hurdle Race (H'Cap). 1.25 Rugby League/Netball; Previewing the afternoon's matches. 1.40 Racing: The Mackeson Gold Cup Handicap Chase. 2.00 Netball: England v West Indies from Sheffield. Commentary is by Hazel Irvine and Sue Campbell. 2.50 Rugby League: Live coverage of Great Britain v Papua New Guinea from Central Park, Wigan. 3.40 Football Half-times. 3.50 Rugby League: Continued coverage. 4.35 Final Score. Times may vary.
5.00 News.
5.10 Regional News and Sport.
5.15 One to Win.
5.45 Only Fools and Horses.
6.15 Bruce Forsyth's Generation Game.
7.15 Challenge Anneka.
8.05 Birds of a Feather.
8.35 The House of Eliott. The sisters find a theme for their new collection and are introduced to an important fashion writer who all but ruins their reputation. Penultimate episode starring Stella Gonet and Louise Lombard.
9.30 News and Sport; Weather.
9.50 Royal British Legion Festival of Remembrance. In the presence of the Queen, the Duke of Edinburgh, the Queen Mother and other members of the Royal Family, the Massed Band of the Guards Division play as the Armed Forces and Chelsea pensioners assemble with their standards on the stage of The Royal Albert Hall. The occasion is narrated by Richard Baker.
11.20 Film: Child's Play. Meet Chucky, a delightful, child-sized cuddly doll, with an appealing smile. Every child wants one. But Chucky is possessed by something more than kid appeal. Starring Catherine Hicks (1988).
12.45 Weather.
12.50 Close.

BBC2

9.00 Open University. 11.05 Spirit of Asia. 12.05 pm Holiday Outings. 12.15 Film: His Butler's Sister.

1.45 Heirs and Graces. Penshurst Place in Kent.
2.15 Network East.
2.45 Mahabharat. (English subtitles).
3.25 Why Did the Beetle Cross the Road?
3.35 Film: Casino Royale. Colourful and lavish James Bond spoof with an all-star cast including David Niven, Peter Sellers and Ursula Andress (1967).
5.40 Play Bridge with Zia. New series. Learn to play one of the world's most popular pastimes with leading bridge player Zia Mahmood. Including tips from Omar Sharif.
6.10 Japanese Language and People.
6.40 Late Again.
7.25 Have I Got News for You? With comedian Steve Frost and journalist Michael White.
7.55 News and Sport; Weather.
8.10 Sounds of the Sixties.
8.40 The Second Russian Revolution. Gorbachev encouraged the nationalists in Lithuania, Armenia and elsewhere. But they soon demanded their independence. This is their story.
9.30 Oz: The Magazine. A two-part Late Show Special to coincide with tonight's Performance play begins with a short archive film detailing the history of Oz and events leading up to the infamous trial.
9.45 Performance. The Trials of Oz. Dramatisation of the 1971 Old Bailey trial which saw the three editors of Oz magazine facing a charge of corruption, which provoked more letters to The Times than the Suez crisis. Starring Nigel Hawthorne, Leslie Phillips and Simon Callow. Last in series.
11.15 Oz: Twenty Years On. In the second half of this Late Show Special, Jonathan Dimbleby chairs a debate about the then and now of Oz. Participants include the defendants Neville, Dennis and Anderson, and Germaine Greer.
12.05 Film: Two Friends. Louise and Kelly were best friends at school. But their relationship is affected by a small event, and over the years they grow apart. Starring Emma Coles and Kris Bidenko (1986).
1.25 Def II: Dance Energy.
2.00 Close.

LWT

6.00 TV Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm Superman.

1.00 ITN News; Weather.
1.05 LWT News; Weather.
1.10 Saint and Greavsie. Ian and Jimmy look ahead to the European Championship matches in which England, Wales and Scotland hope to qualify for the finals in Sweden next year. They also preview Northern Ireland's match against Denmark and round-up the week's other important results, including Liverpool's match against Auxerre.
1.55 World Cup Golf. Highlights of the 38th Golf World Cup from Le Querce, Rome. Renton Laidlaw, Peter Gee and Jim Nelford provide the commentary as 32 two-man teams from around the world compete over 72 holes for the World Cup and International Trophy.
3.00 Film: The Big Trees. A greedy lumberman tries to destroy a giant redwood forest. Action adventure starring Kirk Douglas and Eve Miller (1952).
4.45 Results Service.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.10 10 Sharp!
5.25 Catchphrase.
5.55 New Baywatch.
6.45 Blind Date.
7.45 Stay Lucky. Lively's trip to his birthplace takes an unexpected turn when he suddenly goes missing. Light-hearted drama with Dennis Waterman, Jan Francis, Niall Tolbin and Emma Wray.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 Film: The Karate Kid. A teenager moves to California, joins a karate club and is befriended by an elderly Japanese man who teaches him the secrets of the martial art. Premiere starring Ralph Macchio and Noriyuki Pat Morita (1984).
11.25 Tour of Duty. Goldman investigates Doyle's activities, but he must ask Alex for help.
12.25 Get Stuffed; ITN News Headlines.
12.30 WCW Pro Wrestling.
1.20 Get Stuffed.
1.25 New Music; ITN News Headlines.
2.30 Baseball 1991; ITN News Headlines.
3.30 Night Heat.
4.20 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Same Difference. 10.00 Travelog. 10.30 Wagon Train. 11.30 Tony Jacklin's Pro-Celebrity Golf Challenge. 12.30 pm American Football - Red 42.

1.00 Forty Million People. Made in 1939, this film explores health problems caused by Britain's industrialisation.
1.25 Racing from Doncaster. Introduced by Brough Scott. Including the 1.30 Forte Ladies Stakes Final (H'cap), 2.05 William Hill November Handicap, 2.35 Remembrance Day Stakes, and the 3.05 Coalite Dragon Stakes. Commentary is by Graham Goode.
3.30 Film: The Green Man. A professional assassin attempts to dispose of a pompous politician but is foiled by a vacuum cleaner salesman. Starring Alastair Sim and George Cole (1956).
4.55 Lautrec.
5.05 Brookside.; News Summary.
6.30 Right to Reply.
7.00 South. Two very different views of Africa. The first film, Farewell GDR, offers an insight into the plight of 15,000 Mozambicans in Germany who are facing a rising tide of racism. The second, Birth of a Democracy, examines Cameroon's current political situation.
8.00 Film: The Ladykillers. Alec Guinness stars as the leader of a gang of crooks whose attempts to commit the perfect crime are foiled by an elderly landlady. Classic Ealing comedy also starring Peter Sellers and Katie Johnson (1955).
9.40 Next Stop Hollywood: The Heart of the Deal. A thirtysomething accountant is forced to re-evaluate his life when two mysterious visitors demand an unthinkable donation.
10.10 Film: Last Images of the Shipwreck. Lorenzo Quinteros stars as a would-be great novelist who believes he has found his inspiration when he saves a young woman from the brink of suicide and becomes involved with her family. Premiere also starring Noemi Frenkel. Shown as part of the Mondo Cinema season (1990).(English subtitles).
12.35 The Oprah Winfrey Show.
1.25 American Football - Red 42.
1.50 The Word.
2.50 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Ulstrasall 1991. 1.05 Anglia News 1.55 The A-Team. 2.50 Secret of the Incas. (1954) 5.05 Anglia News, Sport 5.20 Warner Cartoon.

BORDER: 12.30 Munsters Today. 1.05 Border News 1.55 Hard Time on Planet Earth. 2.50 Batman: The Movie. 5.10 Border News. 5.15 Cartoon Time. 11.25 Paternity.

CENTRAL: 12.30 The Munsters Today. 1.05 Central News 2.55 Floods of Fear. 4.30 Cartoon Time. 5.05 Central News 5.10 Central Sports Special – Goals Extra 11.25 CinemAttractions. 11.55 Stripes

CHANNEL: 12.30 Blockbusters. 1.05 Diary Dates. 1.55 The Life and Times of Grizzly Adams. 2.55 World Cup Golf. 3.55 The A-Team. 5.05 Channel News. 5.10 Puffin's Pla(i)ce 5.15 Cartoon.

GRAMPIAN: 12.30 Beatha'n Fhasaich. 1.05 Grampian Headlines 1.56 Beachd. 2.50 The Life and Times of Grizzly Adams. 3.45 Wrestling. 4.45 Scotsport Results. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Put it in Writing. 9.00 Grampian Weather. 11.25 Paternity. (1981)

GRANADA: 11.30 Peppino. 12.00 The ITV Chart Show. 1.05 Granada News 2.50 Doctor at Large. 5.05 Granada News 5.10 Granada Goals Extra. 11.25 Paternity.

HTV: 12.30 The Munsters Today. 1.05 HTV News 1.55 The Life and Time of Grizzly Adams. 2.50 Drums Along the Mohawk. 5.05 HTV News.

HTV Wales as HTV except: 5.20 Cartoon Time.

SCOTTISH: 12.30 Dinosaurs. 1.05 Scotland Today. 1.55 The Yangtze Adventure. 2.50 Batman: The Movie. (1966) 5.05 Scotland Today. 5.15 Cartoon Time. 9.00 Scottish Weather. 11.25 The Young Riders.

TSW: 12.30 The South West Week. 1.05 TSW News 3.00 Where's Willie. (1977) 5.05 TSW News and Sport 5.15 Gus Honeybun's Cartoontime.

TVS: 12.30 Blockbusters. 1.05 TVS News 1.55 The Life and Times of Grizzly Adams. 2.55 World Cup Golf. 3.55 The A-Team. 5.05 TVS News and Sport 5.15 Cartoon.

TYNE TEES: 12.30 Munsters Today. 1.05 Regional News. 1.55 Matlock. 2.50 Doctor at Large. (1957) 5.05 Northern Life Sport Special. 5.15 Cartoon Time. 11.25 Paternity. (1981)

ULSTER: 12.30 Dinosaurs. 1.55 Superstars of Wrestling. 5.05 Ulster News and Sport 9.00 Ulster Newstime 11.25 Paternity. (1981)

YORKSHIRE: 12.30 Katts and Dog. 1.05 Calendar News 1.55 The A-Team. 2.50 Batman: The Movie. 5.05 Calendar News 5.15 Cartoon Time. 11.25 Madigan (1968).

S4C WALES AS CHANNEL 4 EXCEPT:- 9.30 Jeifin. 10.00 The Time Tunnel. 11.00 A Brush with Art. 11.30 Same Difference. 12.00 Travelog. 6.30 The Wonder Years. 7.00 Newyddion Nos Sadwrn. 7.25 Bacha Hi O'Ma. 8.10 Margaret Williams. 8.45 Desmond's. 9.15 Do Not Disturb. 9.45 Tocyn Tymor. 10.25 The Blackboard Jungle.

SUNDAY

BBC1

8.40 The Train Now Departing. 9.10 News. 9.15 Twin Windsurfers and the Atlantic. 10.00 See Hear! 10.30 Cenotaph Service. 11.55 Remember.

12.00 Through the Looking Glass. The social history of dress in Victorian times.
12.30 Country File. Rupert Segar reports on the methods used to monitor the pollution of rivers.
12.55 Weather for Farmers.
1.00 News; On the Record. On the Sunday after the Autumn Statement and in the run-up to the Maastricht talks, Jonathan Dimbleby asks the Chancellor of the Exchequer, Norman Lamont, what are the chances for economic recovery in Britain and of reaching agreement on the Dutch draft treaty.
2.00 EastEnders.
3.00 Film: A Man for All Seasons. Loyalties are strained when Sir Thomas More opposes the divorce of King Henry VIII. Historical drama starring Charlton Heston and Vanessa Redgrave (1988).
5.25 Cartoon.
5.45 The Clothes Show. Dawn French models her collection for the fuller figure.
6.10 Tomorrow – The World. Philippa Davies and Phillip Hodson demonstrate how saying 'no' can build up self-confidence.
6.20 News.
6.35 Songs of Praise. From the Church of St John the Evangelist in Accrington.
7.15 You Rang, M'Lord? New series. With guest Barbara Windsor.
8.05 Trainer. John Grey discovers that his mother is being pressurised by ruthless loan shark Malcolm Burns to pay her huge gambling debts. Starring David McCallum.
9.00 News and Weather.
9.15 Jute City. David O'Hara, Joanna Roth and John Sessions star in this final part.
10.15 Heart of the Matter. Joan Bakewell talks to Irene Dowse who donated one of her own kidneys when her son was dying, and examines the dilemmas associated with human organ transplantation.
10.50 The Days and Nights of Molly Dodd.
11.15 Japanese Language and People.
11.45 Mahabharat. (English subtitles).
12.25 Weather.
12.30 Close.

BBC2

7.25 But First This On Two; Tales of a Wise King and the Devil. 7.30 Charlie Brown Specials. 7.55 Playdays. 8.15 Bitsa. 8.30 Telling Tales. 8.45 Babar. 9.10 Blood and Honey. 9.30 Defenders of the Earth. 9.50 Blue Peter Omnibus. 10.40 The Boy from Andromeda. 11.10 Boxpops. 11.50 The O-Zone. 12.00 Around Westminster.

12.30 Film: Carry on Screaming. A detective investigates a revived corpse and his vampiric sister. Spoof horror comedy starring Jim Dale, Harry H Corbett and Fenella Fielding (1966).
2.05 Film: Tokyo Story. When an elderly couple visit their grandchildren, they feel that they have become a burden to the family. Domestic drama starring Chishu Ryu and Setsuko Hara (1953).(English subtitles).
4.15 Rough Guide to the World's Journeys. Zimbabwe.
5.05 Rugby Special. New series. Featuring action from The Currie Cup Final. Plus, the second round of the Pilkington Cup where Sale take on Moseley.
6.05 Travel Show Guides. New series.
6.35 The Money Programme. Interview with Lord Weinstock, managing director of GEC, who answers his City critics, discusses the future strategy of GEC and the future of defence in Britain.
7.15 The Birth of Europe. Examining how mineral oil – which appeared in Russia at Baku on the Caspian Sea – changed the whole of European society.
8.10 Cenotaph Highlights.
9.05 Did You See? Dame Shirley Porter, Lord Mayor of Westminster, Michael Rudman, theatre director and actor Tony Robinson (Baldrick in the Blackadder series) review Volvo City, a Channel 4 Cutting Edge documentary, the latest in BBC2's Performance season and BBC1's 'Allo 'Allo.
9.35 Not Mozart. An unusual homage to the great artist in the bicentennial year of his death. The programme explores Mozart's oppressive relationship with his father. Female jazz artist Ute Lemper plays the composer in this fantasy alongside Tony Rohr and David Thomas. With music composed by Michael Nyman.
10.05 Little England. The Cup of Tea.
10.15 Changing Step. Drama written by and starring Anthony Sher.
11.45 Def II: Rapido.
12.20 Close.

LWT

6.00 TV-am. 9.25 Disney Club. 10.15 Link. 10.30 Remembrance Day Service. 11.30 Return to Jutland. 12.00 The Human Factor. 12.30 pm LWT News Weekend.

1.00 ITN News; Weather.
1.10 Walden. An examination of by-elections and General Election policy in the light of last Thursday's three by-election results; The Day.
2.00 Yangtze Adventure. Documentary following the story of one of the longest rivers in the world.
3.00 Film: Batman: The Movie. The cloaked avenger rescues an important executive from some of the world's most notorious criminals. Action adventure starring Adam West and Burt Ward (1966).
5.00 Bullseye.
5.30 Dinosaurs.
6.00 Animal Country. Featuring colourpoint cats and a mixed-up seal that thinks it's a human being.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Appeal. Valerie Singleton appeals on behalf of CICRA (Crohns in Childhood Research Association).
6.45 Highway. Harry Secombe visits Portsmouth, home of the Royal Navy.
7.15 Beadle's About.
7.45 The Ruth Rendell Mysteries: From Doon with Death. Part one. When a married woman fails to return home one evening, her husband becomes suspicious.
8.45 London's Burning.
9.45 ITN News; Weather.
10.00 LWT Weather.
10.05 Spitting Image. New series.
10.35 The South Bank Show Melvyn Bragg profiles Dame Vera Lynn, who has become more than just the Forces' Sweetheart. Over the years her singing has captured the sentimental heart of the nation; The Day.
11.35 Cue the Music. Barbra Streisand's One Voice concert.
12.55 Film: The Blues Brothers. A band reunites in a desperate attempt to save an orphanage. Musical comedy starring John Belushi, Dan Aykroyd and the Blues Brothers Band. With cameos by Steven Spielberg, Steve Lawrence and Twiggy (1980)
3.20 Film: Schimanski: Blood Trace. Two Polish long-distance truck drivers are murdered by mistake in this police thriller.
5.00 Pick of the Week.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 A Week in Politics - Second Edition. 10.50 Dennis. 11.10 Round the Bend. 11.30 The Lone Ranger. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.
2.00 Film: The Miracle Woman. Barbara Stanwyck plays a minister's daughter seeking revenge against the congregation which hounded her father to his death. Also starring David Manners (1931).
3.40 Rickshaw Man.
3.55 Burning Books. Discussion of biographies of Anne Sexton and Laurence Olivier; also the 'pulp' western. Alistair Thain discusses his book, Skin Deep, with Pam Hogg.
4.25 Answering Back. Mary Goldring interviews the Rt Hon Malcolm Rifkind MP, Secretary of State for Transport. Among the issues he will be asked about are railway privatisation, the Channel Tunnel and the road building programme.
4.55 News Summary; Weather.
5.00 Family Pride.
5.30 The Storyteller.
6.00 Press Gang.
6.30 The Cosby Show.
7.00 Equinox. Until recent advances made in archaeological dating techniques, scientists thought that The Qafez Boy find was about 30,000 years old. Equinox investigates the methods which defied this assumption.
8.00 Whicker Way Out West. Alan Whicker delves into the bizarre world of plastic surgery and meets surgeons who have made a fortune from altering people's faces, tucking buttocks and re-shaping other parts of the anatomy. Previously shown on ITV.
9.30 American Football.
10.00 Film: A Face in the Crowd. A young drifter, discovered by a television executive, is turned into a star. Shown as part of the Rebels with a Cause season. Melodrama starring Andy Griffith, Patricia Neal and Lee Remick (1957).
12.20 Film: Petits Blancs Au Manioc. French development workers arrive in Senegal to find Africa is not as they expected. This film continues the Cinema from Three Continents season (1988).(English subtitles).
2.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Goals Galore. 12.55 Anglia News. 2.00 World Cup Golf. 5.00 Dinosaurs. 5.30 Bullseye. 6.35 Anglia News. 10.00 Regional Weather.

BORDER: 12.30 Gardening Time. 12.55 Border News. 3.00 Bhowani Junction. (1956) 5.00 Scotsport. 6.00 Bullseye. 6.35 Border News. 11.35 Prisoner: Cell Block H.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 6.00 The Spectacular World of Guinness Records. 6.35 Central News 10.00 Local Weather. 11.35 Prisoner: Cell Block H.

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez Vous. 12.50 Tele-Journal. 2.00 Wonderful World of Disney. 6.35 Channel News.

GRAMPIAN: 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 2.00 Coronation Street. 3.00 The Silk Road. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's Larder. 6.35 Grampian Headlines. 10.00 Grampian Weather. 11.35 Prisoner: Cell Block H.

GRANADA: 12.25 Granada This Week. 12.50 Aap Kaa Hak 2.00 Taylor and McMenemy. 2.45 The Spectacular World of Guinness Records. 3.10 Matlock: The Billionaire. 5.30 Coronation Street. 6.35 Granada News 11.35 Prisoner: Cell Block H.

HTV: 12.30 Survival - The First 30 Years. 12.55 HTV News 2.00 HTV Newsweek. 2.30 Planning the Small Garden. 6.35 HTV News

HTV Wales as HTV except: 12.30 Pony Club Mounted Games. 2.00 Farming Wales.

SCOTTISH: 12.30 The Munro Show. 12.55 Scotland Today. 2.00 Glen Michael's Cartoon Cavalcade. 2.30 The Little Foxes. 4.30 Swimming. 5.00 Scotsport. 6.00 Scotland's War. 6.35 Scotland Today 11.35 Swimming.

TSW: 12.30 TSW Farming Week. 12.55 TSW News 2.00 Fisheries News. 2.15 The Spectacular World of Guinness Records. 2.45 Cartoon Time. 5.30 The Hooper Bloob Highway. 6.35 TSW News 11.35 Prisoner: Cell Block H.

TVS: 12.30 TVS News. 12.33 Agenda 2.00 Wonderful World of Disney. 6.35 TVS News

TYNE TEES: 12.25 Budo Sai. 12.55 Regional News. 2.00 Way of the Lakes. 2.30 The Back Page. 6.35 Regional News. 11.35 Prisoner: Cell Block H.

YORKSHIRE: 12.50 Calendar News. 2.00 The Battle of the Bulge. (1965) 5.00 Dinosaurs. 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News. 11.35 Scrumdown.

S4C WALES AS CHANNEL 4 EXCEPT:- 9.25 Willo the Wisp. 9.30 If Wishes Were Horses. 10.00 A Week in Politics. 10.45 Voyage to the Bottom of the Sea. 11.45 Dennis. 12.55 Now You're Talking 1. 1.20 Now You're Talking 2. 1.45 Bwrw 'Miaen. 2.15 San Steffan. 2.35 Equinox. 3.55 Pennies from Heaven. (1936) 5.00 The Golden Girls. 5.30 Pobol Y Cwm. 7.05 Newyddion. 7.10 Saith Ar Y Sul. 7.25 Bwrw'r Sul. 8.10 Hel Streeon. 8.40 Dechrau Canu, Dechrau Canmol. 9.10 Anest. 10.10 Ffiniau. 10.35 American Football 91-92.

RADIO

SATURDAY

BBC RADIO 2
6.00 Graham Knight. 8.05 Ronnie Hilton. 9.00 Brian Matthew. 10.00 Anne Robinson. 12.00 Gerald Harper. 1.30 The News Huddlines. 2.00 Ed Stewart. 4.00 It Was a Very Good Year. 4.30 Katie and Friends. 5.00 Cinema 2. 5.30 Screenplay. 6.00 Radio 2 Ballroom. 7.00 Jazz Score. 7.30 Easy Does It. 8.00 The Royal British Legion Festival of Remembrance. 9.15 The Beautiful Ballad Years. 9.45 John Gouph. 10.00 The Arts Programme. 12.05 Brian Matthew. 1.00 Louise Bruce. 3.00 A Little Night Music. 4.00 David Allan

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 Christian Zacharias (piano).
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 BBC Lunchtime Concert.
2.05 BBC Scottish Symphony Orchestra.
3.35 Mozart.
4.00 Tuning Up.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Two Pianos.
7.00 Figaro's Wedding. (Live)
10.15 I Was Goethe's Father Hall.
10.40 Vision and Reflection.
11.20 Orlando Lassus.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 I'm Sorry I Haven't a Clue.
12.55 Weather.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 Saturday Playhouse.
4.00 News; Age to Age.
4.30 Science Now.
5.00 Living with the Legend.
5.25 Tea Junction.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-up.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial: The Personal History of David Copperfield.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Open Mind.
10.45 As Others See It.
11.00 Richard Baker Compares Notes.
11.30 Dear Diary.
12.00 News; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Morning Edition.
9.00 On Your Marks.
12.00 News; Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
6.00 News.
6.06 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Sport.
12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; Twenty-four Hours live; News summary. 7.30 From the Weeklies. 7.45. Cole Porter Among Friends. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News. 3.15 Sportsworld continued.

4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary. 5.01 Sportsworld: final results. 5.30 Londres Soir. 6.14 BBC English.

6.29 News Summary. 6.35 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere.

8.30 Europe This Weekend. 9.00 Newshour. 10.00 News. 10.05 Short Story: She Falls From Grace. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk.

12.30 The Ken Bruce Show. 1.00 News Summary. 1.01 Play of the Week: Dark Star. 2.00 Newsdesk. 2.30 A Sight Worth Seeing. 3.00 News; News About Britain.

3.15 Sports Roundup. 3.30 From our own Correspondent. 3.50 Write on. 4.00 Newsdesk. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
6.00 Graham Knight. 7.30 Don Maclean Says Good Morning Sunday. 9.05 Richard Baker. 11.00 Two Minutes Silence; The Last Post. 11.05 Desmond Carrington. 2.00 Benny Green. 3.00 Richard Tauber. 4.00 They Don't Write Songs Like that Anymore. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Black Magic. 7.45 The Collins Collection. 9.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Ronnie Hilton. 1.00 Louise Bruce with Night Ride. 3.00 A Little Night Music. 4.00 Alex Lester

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 Mozart Masses.
9.05 Moura Lympany.
10.15 Music Weekly.
11.00 Two Minutes Silence; The Last Post.
11.02 A Dutch Retrospect.
12.45 Table Talk.
1.00 News.
1.05 Your Concert Choice.
2.30 Mozart and Dvorak Piano Quartets.
3.35 Poet of the Month.
3.45 A German Requiem.
5.00 Soundings.
6.00 Music for Remembrance from Berlin.
7.00 Katchen plays Brahms.
7.30 Sunday Play: A Single Man.
9.15 Duo and Variations.
10.10 Musica Petropolitana.
11.25 Frank Bridge.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 News; Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 The Archers.
10.30 Cenotaph Service.
11.40 For Your Tomorrow We Gave Our Today.
11.45 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World this Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse: Power of Attorney.
3.30 The Radio Programme.
4.00 News; Analysis.
4.47 Time for Verse.
5.00 News; Down Your Way.
5.40 First Person.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News.
6.15 Feedback.
6.30 Europhile.
7.00 Root of the Matter.
7.30 Bookshelf.
8.00 Punters.
8.40 Thinking Aloud.
9.00 The National History Programme.
9.30 Special Assignment.
9.59 Weather.
10.00 News.
10.15 The Adventures of Sherlock Holmes.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 World News.
6.20 Meridian Reports.
7.00 News and 24 Hours.
7.30 Sunday Edition.
9.00 Johnnie Walker.
10.30 Education Matters.
11.00 News and Sport; Business on the Move.
11.30 The Day Before Yesterday.
12.00 News and Sport.
12.05 Ring a Winner.
1.40 Open University: Open Forum.
2.00 News; Sunday Sport Extra.
5.00 Sport; Trainers.
5.30 Black Museum.
6.00 Talking Poetry.
6.30 Great Expectations.
7.00 Sports Bulletin.
7.15 Euromix.
8.00 Paso Doble.
8.30 France Extra!
9.00 Deutsch Direkt.
9.30 Dragnet.
10.00 Sports Bulletin.
10.10 Across the Line.
12.00 News and Sport.
12.10 Close.

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10.30 Cenotaph Service For Remembrance Day. 11.20 News. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News. 12.01 Play of the Week: Dark Star. 1.00 Newshour. 2.00 News. 2.01 Colours. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German.
4.40 German Features. 5.00 News and Business Review. 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English. 6.29 News; News in German. 6.40 German Features. 7.54 News in German. 8.00 News and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Folk in Britain.
10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Business Review. 11.15 Letter From America. 11.30 Colours. 12.00 Newsdesk.

CHESS

WORLD champion Gary Kasparov took first prize this week in the Interpolis tournament at Tilburg, Netherlands, one of the strongest events ever. Kasparov led throughout, and finished with 10/14, followed by Short (England) 8½, Anand (India) 8, Karpov (USSR) 7½, Kamsky (US) 7, Timman (Neth) 6½, Korchnoi (Switz) 5½, Bareev (USSR) 3.

Nigel Short performed well and finished ahead of Anatoly Karpov, who he meets in April in the world championship semi-final. Short will pass Bareev in the rankings and is behind only Kasparov, Ivanchuk and Karpov.

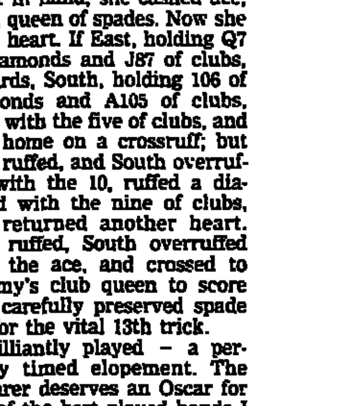
Highlights included Kasparov's surprise use of the exchange system 1 e4 e6 2 d4 d5 3 exd5 against the French Defence; and Karpov's vain attempt to beat his old rival in the rare endgame of king, two knights and bishop against king and rook. He manoeuvred for 50 moves to drive Kasparov's king to the corner, but the champion then sacrificed his rook for a stalemate draw.

Short won the most profound game, a blend of strategy and tactics to leave Gata Kamsky movebound. (N Short, White; G Kamsky, Black; Sicilian Defence; Tilburg 1991).

1 e4 c5 2 Nf3 e6 3 d4 cxd4 4 Nxd4 a6 The Kan system, slightly dubious since Black's pawn moves slow his development. 5 Bd3 Qc7 6 0-0 Nc6 7 Nxc6 dxc6 8 a4 a5 9 f4 e5 10 Kh1 Nf6 11 f5 Bc5 12 Qe2 h6 13 Nd2 Bd7 14 Nc4 b5 15 Ne3 b4

16 Ng4 h5? Black hopes to use his rooks on the g file, but his king is unsafe; better Be7. 17 Nxf6+ gxf6 18 Bd2 Ke7 19 Rf3! Subtle rook and bishop moves combine attack and defence. Rh7 20 Bc4 Rg8 21 Rd1 Qa7 22 Rd3 Be8 23 Be1 h4 24 Rh3 Rgh8 25 c3 Qb6 26 Qd3 Qc7 27 Bb3 Qb6 28 Bf2! A coup which breaks Black's resistance. If Bxf2 29 Qd6+ Ke8 30 Qxf6 Qc7 (to guard against R3d3 and Rd8+) 31 R3d3 Bb6 32 Rd6! (threat Rxc6) Bb7 33 Qxe5+ wins. bxc3 29 bxc3 Rg8 30 Ba2 Rhg7 31 Rf3 Rh7 If Rxg2 32 Qc4! wins. 32 Qd2 Rhg7 33 Rd3 and Black lost on time. If Rh7 34 Rd7+ Bxd7 35 Qxd7+ Kf8 36 Rb1 Bxf2 37 Rxb6 Bxb6 38 Qxc6 Bd8 39 c4. The passed pawn wins a piece.

CHESS No 896



White mates in two moves (GJ Slater, 1882).

Solution Page XVI

Leonard Barden

BRIDGE

TODAY'S hand comes from the qualifying round of the Venice Cup, in which the US was playing India:

N
♠ Q 10 9 2
♥ A K 10 7 2
♦
♣ K Q 9 4

W
♠ 5 3
♥ Q J 8 6 4
♦ A K J 9 8 5
♣

E
♠ J 8 4
♥ 9 5 3
♦ Q 7 4
♣ J 8 7 6

S
♠ A K 7 6
♥
♦ 10 6 3 2
♣ A 10 5 3 2

East dealt with East-West vulnerable, and passed, South began the bidding with one club, West overcalled with one diamond, North replied one heart, South rebid one spade, West came in again with two diamonds, and North made a splinter bid of four diamonds. South said four hearts to show her void, North bid five diamonds, South six spades and North closed with seven clubs.

West opened with diamond king, ruffed by dummy's four of clubs, and the declarer cashed the king of clubs to learn of the cruel 4-0 break. Now she cashed ace and king of hearts, discarding from hand not two diamonds, but one diamond and the six of spades. This was a key play. Ruffing a heart in hand, she cashed ace, king, queen of spades. Now she led a heart. If East, holding Q7 of diamonds and J87 of clubs, discards, South, holding 106 of diamonds and A105 of clubs, ruffs with the five of clubs, and gets home on a crossruff; but East ruffed, and South overruffed with the 10, ruffed a diamond with the nine of clubs, and returned another heart. East ruffed, South overruffed with the ace, and crossed to dummy's club queen to score that carefully preserved spade ten for the vital 13th trick.

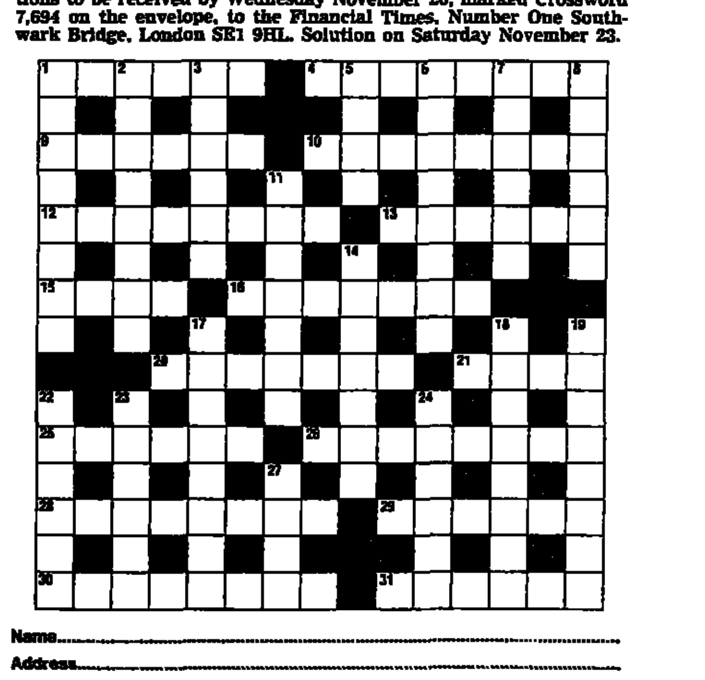
Brilliantly played – a perfectly timed elopement. The declarer deserves an Oscar for one of the best played hands I have seen for many a long day.

E.P.C Cotter

CROSSWORD

No. 7,694 Set by CINEPHILE

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday November 20, marked Crossword 7,694 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday November 23.



Name...

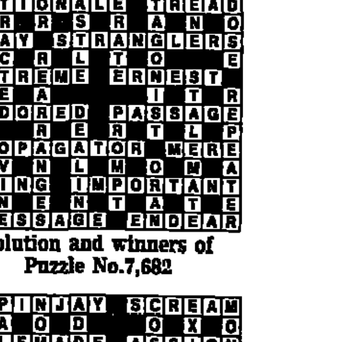
Address..

....

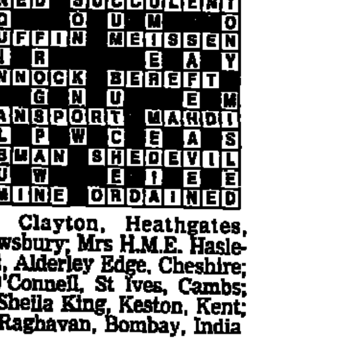
ACROSS
1, 4 Happy ending to impasse: a model (exciting one) 's underwear in bed (6,8)
9 Rumour about wine (6)
10 Painter, pupil and prophet (8)
12 Perverse Bantu female goes outside to get browner (8)
13, 15 Running away to adorn part of carrier (6,4)
16 Girl of the month taking a turn on first blast? (7)
20, 21 Maybe laths for lathe in Como (7,4)
25 Intuitive feeling about a joint (6)
26 Stick high pressure in obliquely (8)
28 Wizard of little account aiming badly (8)
29 One who is green as opposed to one that's put in a lot of energy (6)
30, 31 Long for a man? Ought the Queen to, at last? (8,6)

DOWN
1 Left bank – of the canal, do we hear? (4,4)
2 Oriental shrub goes quietly on in motherless Caribbean island
3 Weapon on board (6)
5 Way of putting article in a measure (4)
6 Wave, almost excessive, after time (8)
7 Schemer gets some to come out (6)
8 Priest may be unworldly character (6)
11, 14 The shot flung us out of consideration (14)
17 Fliers coming up with small cutter, say? That's absurd! (8)
18 Finding food for increasing years (8)
19 Ancient biographer of Ralph, TUC revolutionary (8)
22 Flower upset when meat's brought in (6)
23 Over-enthusiastic shooter wounded hog (4,2)
24, 27 Something to wash with? Soap? It should be light (6,4)

Solution to Puzzle No.7,693



Solution and winners of Puzzle No.7,682



D.H. Clayton, Heathgates, Shrewsbury; Mrs H.M.E. Haslewood, Alderley Edge, Cheshire; M. O'Connell, St Ives, Cambs; Mrs Sheila King, Keston, Kent; S.V. Raghavan, Bombay, India

A life that was larger than fiction

***Dominic Lawson** traces the strange echoes of Trollope in Robert Maxwell's story*

"MELMOTTE!" I exclaimed, when I first heard that Robert Maxwell had been reported missing at sea. Admirers of Trollope, and in particular *The Way We Live Now* will need little further explanation. Melmotte is the great financier at the heart of Trollope's satire of English life in the 1870s.

Trollope describes Melmotte variously as "horrid, big, rich, bloated." He is introduced as "a large man, with rough thick hair, with heavy eyebrows, and a wonderful look of power about his mouth and chin. This was so strong as to redeem his face from vulgarity. . . he looked as though he were purse-proud and a bully . . . He had declared that he was an Englishman . . . [He spoke] his "native" language fluently, but with an accent which betrayed a long expatriation."

Like Maxwell, Melmotte's origins were shrouded in obscurity. (Indeed, most accounts of Maxwell's origins in this week's papers have erroneously described him as being born Jan Ludwig Hoch. This in fact was the first of his many and increasingly gentile changes of name. So far as we know, he was born Abraham Lajbi Hoch).

Like Maxwell, Melmotte through sheer force of personality persuaded bankers to lend him sums which even well established tycoons would have found unattainable. Like Maxwell, Melmotte's greatest ambition was to be elected a member of the House of Commons. Melmotte however stood in the Conservative interest, Maxwell in the Labour. Neither, it can safely be said, was altogether suited to the House – both had a fine disregard for the niceties of Westminster procedure.

Like Maxwell, Melmotte was an assiduous cultivator of foreign potentates: much of the 1,000 or so pages of *The Way We Live Now* is taken up with his attempts to hold a banquet at his home for the Emperor of China.

We can be reasonably sure that if there was still an Emperor of China, Maxwell would have tried to have him to dinner, and that Pergamon would certainly have published the Emperor's collected speeches.

Not even a 1,000-page novel could do justice to the complexity of Maxwell's empire and of his financial imagination. Melmotte's twists and turns are banal by comparison. Indeed Robert Maxwell is by far the more unlikely character, his life a much more improbable adventure.

Barely two weeks ago I was having lunch with a most distinguished industrialist; like many of his kind he was fascinated by the financial trapeze acts which Maxwell had performed. He opined that Maxwell was bust, but that it would take some time before that was generally realised. "Just like Trollope's Melmotte," I replied. The only difference, I said, was that Melmotte, faced with the ruin of his Empire, killed himself. Hence my startled cry of "Melmotte!" two weeks later, on learning that Maxwell had gone over the side of the Lady Ghislaine.

Following the autopsy, and accounts by those who saw Maxwell in the day or so before he died, I am convinced that Maxwell did not do a Melmotte. Nor, in spite of the sleazy attempts by some newspapers to prove foul play, am I prepared to believe that Maxwell was murdered.

There is a further difference between Maxwell and Melmotte. Melmotte was a wife beater and saw his only child, Marie as a mere financial instrument. It is impossible not to be impressed by the wife and children of Robert Maxwell and any man who could inspire such devotion in his family is a man to be reckoned with, not merely mocked.

The world will, as they say, be a poorer place without Maxwell – and not just because he won't be around to pay off the debts. Anyone who reads *The Way We Live Now* will feel a great sense of disappointment when Melmotte takes his dose of prussic acid. The last 150 pages of the book, minus the great financier, seem flat and tame. The same might be said of the British financial scene without Abraham Lajbi Hoch.

■ *Dominic Lawson is editor of The Spectator.*

Private View

The misty land of Ustinovia

***Christian Tyler** meets Peter Ustinov, the English-bred, French German of Russian descent who likes living in Switzerland*

EVERYBODY knows who Peter Ustinov is. He is the famous, er . . . celebrity. Of course. But what, exactly, is Ustinov famous *for*?

Is he more than a gifted mimic, the impersonator of German professors, American car salesmen and Italian opera divas? Why, certainly. More than a prolific writer of not-very-successful plays? Indeed, yes. Than a player of cameo roles? Yes, again. A director of films and operas? That, too. A novelist? A TV presenter? A newspaper columnist? Take your pick.

If you turn up his foot-long entry in *Who's Who* ("it *is* a little tasteless," he agreed, mock-apologetically), you will see that Sir Peter Ustinov is, or has been, all of these things – which is why people have given up trying to find a label for him and just call him a genius instead.

Genius is a strong word. Deciding there must be a better answer to the who and what – the *istigkeit* – of Ustinov, I arranged to meet him on his way through London to promote a collection of his columns* for the late Robert Maxwell's newspaper, *The European*. I suppose I was looking for a frustrated artist behind the dilettante, for a secret Englishman behind the cosmopolitan polyglot.

Ustinov was talking in German to a Viennese businessman when I walked in, and packing for his onward flight to Pittsburgh, Pennsylvania ("I hear they're renaming it St Pittsburgh") to finish a film.

Things began stickily. It was not that Ustinov is not a courteous and endearing man. Perhaps it was because, with his public relations girl sitting there stolidly throughout, he felt bound to put on a performance even though he must have realised I had not come for funny voices and funny stories.

Or was he put off by my asking why he submitted to so many interviews?

"I don't do that many, really. I allow myself to be wafted hither and thither. It's all part of the process these days. Everyone's trying to catch people's attention."

But surely you are tired of them?

"No, I like them. Very often, it forces you to form an opinion. For me, interviews are one long rehearsal for the final interview . . ."

I ran through the list of his attainments and asked: Of all these careers, did you never know which one you wanted to stay with?

"No, I didn't really. I had my 70th birthday the other day and I had my four children together for once and told them that I had reached the time of life when I would soon have to decide what I wanted to do with it. My son was rather charming. He said 'don't hurry'."

Do you now think you should have stuck with one or other of them?

"No, I don't, because I'm endlessly inquisitive about how things are done." Ustinov admitted he had found it difficult to stay in fashion as a playwright or, indeed, as an actor. He is also rather angry about his critical reception in Britain, the country that nurtured him.

Were you famous too young? Did things come too easily to you?

"I don't think they came easily. Nearly everything I did, I was asked to do. I was lured by all sorts of temptations – like directing operas, which I rather enjoy doing although I don't think it's my *forte*. It's not anything I'll be remembered by. Writing strikes me as the most mysterious of all . . . I'll never get blasé about it."

When I asked whether he was at all puzzled by his celebrity, he accused me of taking a narrowly British point of view.

"Obviously, the British are the toughest nail because I started here. You say it's as a comedian that I'm best known. I'm not known as that anywhere else. And that's why I find living in Switzerland rather emollient, because I get over the bruises much more quickly." This was said as a joke, but not entirely.

For example, he said, a novel of his was selling far more in Germany than it ever had in England. I asked: So we don't take you seriously in this country?

"You may do, but it takes a long time to sink in."

Nevertheless, you are a comedian, I said. Perhaps you feel you are a humorous man who uses humour to achieve something else?

"That's absolutely right. I wrote a play about Beethoven in which I played the part of Beethoven and it got a lousy notice in your paper – unfortunately, I remember these things; I've got a memory like an elephant. Well, I played the same play in Berlin in German and, naturally, it was a completely different play there because they knew who Beethoven was, first of all."

Don't we?

"Yes, you do, but you're less reverent about him than they are. And because they were more serious about it, by the end they were laughing much more and with much more reason."

Again, Ustinov used a joke to soften his complaint. "I also played it in Palm Beach where, after a matinée, an old lady came up to me and said [he donned a sort of Milwaukee accent]: 'Your Mozart was darling.' I came to the conclusion that nobody in Palm Beach had heard of Beethoven – unless, that is, they had known him personally."

Ustinov has a British passport. Although he jokes a lot about the Germans, he is himself more German than English: his name is really "von Ustinov" after his father Jona, nicknamed 'Klop' who came to Britain after the First World War as a diplomat and stayed to help British intelligence against the Nazis.

His mother, Nadia Benois, was French. But both parents were of Russian descent, and Ustinov likes nothing more than to reminisce about his exotic ancestors from the Volga and Leningrad.

He went to a London prep school where, he recalled (in piping falsetto now), the little snobs would boast of their pedigrees and tease him for losing the First World War. "When they wanted to be nice to me, they would say: 'My father says the German trenches when we overran them were much cleaner than the French ones.' Then I had to admit my mother was French."

For all his 70 years, you can still see the clumsy schoolboy in Ustinov: the tubby frame, crumpled face and ceaseless joking. It was easy to picture him when he described himself standing in the cricket outfield and shouting 'Butterfingers!' as he purposefully dropped each catch.

I asked him whether his schools – he went on to Westminster – had put him off the English for ever.

"No, not really. I'm very fond of them here. I feel part of them when I go to the Garrick Club and recline among the cushions. I say to myself, 'who am I trying to imitate?'because it doesn't really come naturally to me. But I am extremely attached to these islands . . .

Do you feel English?

"No."

Do you feel Russian?

"No. Of course, I feel much more Russian here than I do in Russia where I'm surrounded by the real thing. I can feel French, too. I've got no English blood whatever."

Why this sentimental attachment to Russia?

"Largely because it was completely misunderstood in the West. I was one of the first to say, listen, they're human beings, not cattle, and you can't put everything down to communism. When my book about Russia first came out, I was attacked by people who said, 'you're naive, you're a fellow-traveller.' When Gorbachev appeared, I suddenly became an expert on Soviet matters."

Ustinov lives in Switzerland, with his third wife, in a house between Geneva and Lausanne chosen by his "financially-minded" second wife. He also has an office near Paris.

I suggested Switzerland was a dull – although perhaps, for him, an appropriately neutral – choice.

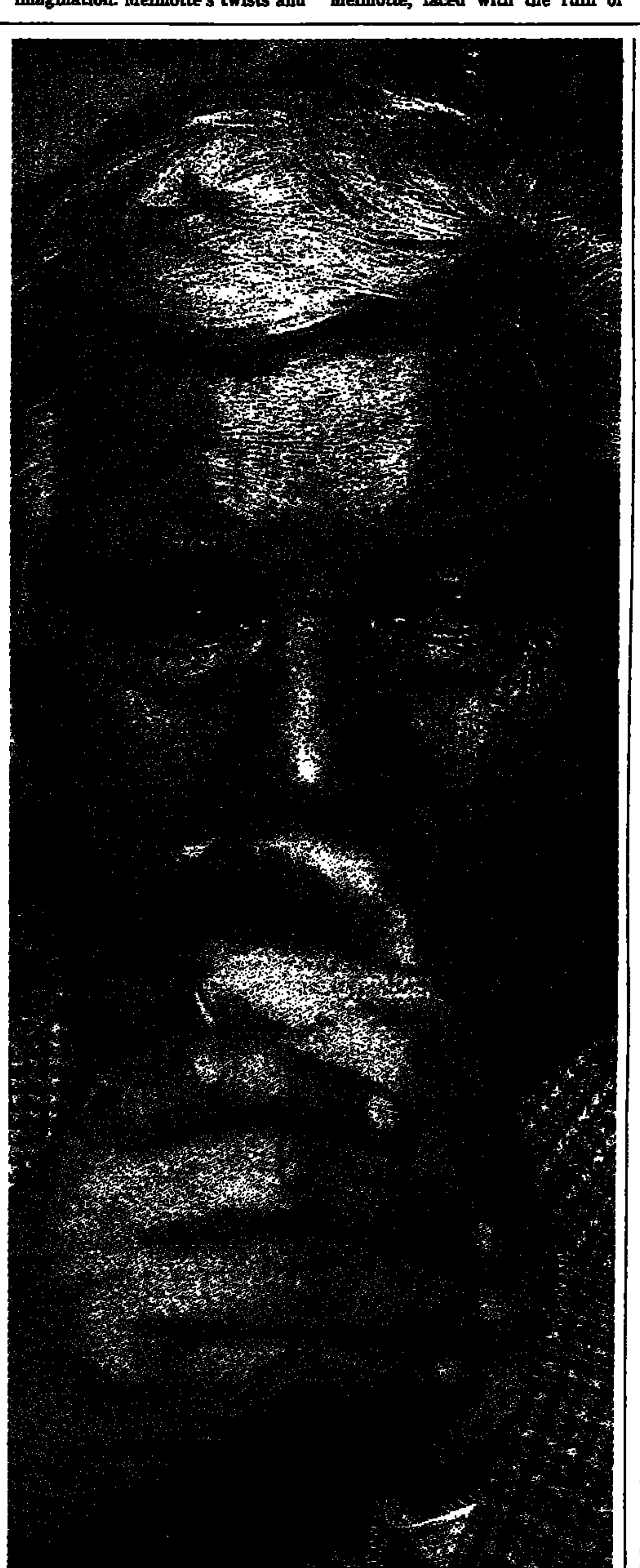
"Not a bit. The Swiss have their ration of thin-lipped bankers – more than their ration. But they also produce the world's greatest clowns – Grock was only the first. The Swiss are the first to see the absurdity of their own stiffness. There's a kind of poetry in that attitude, an absurd poetry, like Scots without access to the sea, if you know what I mean."

Ustinov has written that he is patriotic, not about any one country but about the culture of all those places he finds agreeable. I suggested that was the remark of a man who had no place he could call home.

"Yes. But I don't regard that as a lack. I regard that as an advantage."

We discussed Europe. Is national culture not something to be defended? I asked.

"I don't think the emergence of Europe will mean a damn thing except to make the English more English, the French more French. But that doesn't mean they won't get on well together. When the change came in Spain after Franco, it was hardly noticed. There was a topless bar in Madrid within hours of Franco's death."



Ashley Ashwood

His conclusion on the civil war in Yugoslavia was: "It's quite possible that people have to feel independent before they have the maturity to feel interdependent."

Ustinov has this feeling about his own life. Nowadays, when he is not busy being a celebrity, he shuttles about on behalf of UNICEF, the world children's agency, and is president of a rather more obscurely Utopian lobby called the World Federalists.

Is the serious man discovering himself in a way that he hadn't before?

"Yes, absolutely. I think it's all part of the same process and I don't think all this could have happened any sooner and I think it's absolutely right that I feel fulfilled now."

Nobody, least of all an old actor, is going to bare his tremulous soul to a complete stranger. Yet, with Ustinov, you cannot help feeling there is an even more vulnerable person inside who wants to leap out, but dares not.

■ *Ustinov at Large: Michael O'Mara Books, £13.99.*

Back to the Daily Grind

Michael Thompson-Noel

HAWKS & HANDSAWS

RETURNING to the office after an eight-week absence (seven weeks' sabbatical plus one week's holiday) is not the easiest of feats, I can tell you. You feel obliged to step gingerly, to ease yourself in quietly, make minimum commotion, work industriously at your desk and not witter on unfeelingly about the places you have been, the people you have met, the thrills you have experienced while absent from the office.

After eight weeks, one of the trickiest features of inserting yourself once more into the silken environment of a world-famous office is introducing yourself, tactfully, to those who have forgotten who you might be. A bit less challenging, in my experience, is introducing yourself, tactfully, to those who have joined the newspaper during your absence and thus haven't the tiniest *clue* who you might be.

I bumped into one of them yesterday: a pinstriped youth, pink of cheek and brow, athletic in his gait, clear in wind and eye, obviously intelligent, ought to go far, heading for the top, who was arriving at the office at the same time as me: 7.34am.

So nonchalant was this youth, so innocently under-awed, that I thought he was about to ask me to park his car; but he simply nodded in my direction and strode into the building, punching the elevator button with a manicured nail and zooming towards the sixth floor where, at that hour, high-fliers like him can scan the newspapers while breakfasting on kippers or things that look like sausages but possibly are not.

A second problem associated with re-entry into professional and corporate life is that you are bound to be ring-rusty. In the past eight weeks I have travelled in foreign parts. First I went to Greece. Then into Jordan. Then it was Libya. Finally Morocco. All extremely jolly. Also rather quiet, for none of those countries is particularly renowned for a fast and furious inflow of English-language news.

Finally, in Marrakech, I caught up with things a bit by watching Sky News. Not that it helped me greatly. I cannot put my finger on it, but there is a fuzziness and nebulosity to Sky News that makes me wonder if its broadcasts are not beamed to Earth from a spot in the southern sky 9bn light years distant.

Be that as it may, I have spent much of this week catching up with the news in all its variety, from the death of Robert Maxwell to the £50,000 settlement of Ken Barlow's – sorry, Bill Roache's – libel action against *The Sun* for calling him smug and boring; from the ridiculous price at which gold now festers to the latest scare stories about the UK recession.

In my travails, I have been nobly supported by my assistant, Miss Lee, a Yorkshirewoman whose gumption never ceases to amaze me. Some months ago Miss Lee acquired an Amstrad PCW 9512. It took her several weeks to learn how to switch it on, and several weeks more to master its most simple functions. In recent days, however, Miss Lee's working life has been blessed by the discovery that Amstrad runs a help-line for customers. If there is something they cannot fathom, they ring the help-line, at 48p a minute, and are given assistance and counselling.

On Wednesday, I overheard her chatting to her friend at Amstrad. "It's me again," she said. "Like I said this morning, I've typed up this summary of all major news stories from the past eight weeks so as to help Mr Thompson-Noel find his feet again. He hasn't so much as a notion of what's been happening while he's been on sabbatical."

"Sabbatical?" echoed Amstrad.

"Yes," said Miss Lee. "It's what they get after five years' service to help them recharge. Anyway, I typed up this news summary and now I can't obtain it. The machine's got it in its brain but won't release it. It is important that I get hold of it because Mr Thompson-Noel is already cross and jittery. This morning he received a letter from AA Financial Services.

"'Dear AA Member,'" it started. "'I am delighted to tell you that a cash sum from this month's Money Reserve has been provisionally allocated to you, pending the acceptance of your application for an AA Member Loan. You may request any sum up to £10,000. An AA Member Loan is a most convenient way of making larger purchases . . . You can also arrange your repayments to suit your budget by spreading them over a period up to 60 months.'

"I don't have to tell you," Miss Lee told her friend at Amstrad, "that Mr Thompson-Noel was gravely upset by this intrusion into his affairs. 'Miss Lee,' he said. 'What is the Automobile Association doing scatterings offers of £10,000 around like confetti? It is supposed to mend punctures, or tow people home, or tell them the pretty way to drive through eastern Germany; not that there *is* a pretty way, but that's what it's for, route maps and punctures.'

"Michael says that such impertinence only reminds him that his precious Rover 216S has never broken down or given him a moment's trouble, and that the AA ought to keep quiet if it doesn't want him to cancel his membership instantly. Between you and me, that wretched Rover must be the most unstylish car on the roads of Britain. Talk about smug and boring. 'Michael,' I have said, 'why someone of your means and talent isn't swishing round in a nice Merc or Bristol, something truly sexy, is a deep and abiding mystery.'"

There was silence in the room while Miss Lee's friend talked.

"Thankyou," she said finally. "You have been terribly sweet and kind. Do you know that tapas bar in Hereford Road, just off Westbourne Grove, next door to the Slug & Lettuce? I will be in there this evening. Just thought that I would mention it."

The Long View/**Barry Riley**

Recession and reticence

IF THERE has to be a general election next year then by jingo there has to be an economic recovery too. That, at any rate, is the political logic: if the recovery does not look like developing of its own accord it will have to be invented.

In the end the Treasury computer has been persuaded to print out a figure of $2\frac{1}{4}$ per cent for economic growth in 1992, which the politicians evidently found acceptable (although it means that the British economy will produce no more in 1992 than in 1990).

I do not want to comment in detail on Norman Lamont's forecasts this week, except to say that they appear to depend rather crucially on vague concepts like "consumer confidence" and also on a surprising optimism about exports. The government has taken to boasting about the UK's export performance in 1991, when growth is estimated to be just $1\frac{1}{4}$ per cent. Next year, however, exports are predicted to surge ahead at an unbelievable 6 per cent.

The most revealing comment on Lamont's economic statement was a purely implied one by the US Federal Reserve as it slashed interest rates to the lowest level for 18 years in an attempt to haul the American economy out of the mire. Lamont himself had nothing to say about the future path of interest rates, even though the desperate state of the house market must be terrifying Tory election strategists; instead, he allowed public spending to rise a little.

The British government professes not to be worried about the dire condition of the banking industry or the sluggish growth of the money supply. It is forced to take this complacent line, because having handed responsibility for monetary policy over to the Bundesbank it can do nothing about interest rates anyway. But this is the biggest single risk factor for the UK economy.

We are seeing an amazing U-turn. During the late 1980s the government maintained a tight fiscal policy but monetary policy became extremely lax. Those were the years when the money supply grew by close to 20 per cent annually and the public sector began to run a substantial surplus. Now it has all changed around. Monetary policy has become tight enough to arouse the alarm of many monetarists; bank lending is barely increasing, while broad money on the M4 definition has just about stopped growing in the past six months. But the public sector has moved back into deficit.

Officially the government retains a nil borrowing target over the economic cycle as a whole. But the fact is that the borrowing requirement seems likely to be at least £25bn in 1992-93 if you count privatisation income as a form of borrowing (bearing in mind that a Labour government would not seek privatisation receipts anyway).

Back in the 1980s the loose money/tight Exchequer formula had quite dramatic implications for the economy and for the financial markets. Asset values (especially those of shares and homes) soared, creating wealth which served to boost consumer spending. But the economy got badly out of balance, and excess demand in the private sector led to an inflationary problem. The government drove down long-term interest rates by buying in its debt but short-term rates were eventually hiked very high to prop up sterling and discourage borrowing.

What about the upside-down strategy which we are now promised for next year? Heavy government borrowing will serve to keep long-term interest rates very high in real terms, with a depressing knock-on effect in the equity market. Asset values in general will therefore be comparatively low. Rises in government spending will trickle through to consumer spending, but the beneficiaries will be social security recipients and public sector workers rather than the middle class home owners who profited from the Lawson boom.

Eventually excessive government spending could also be inflationary, as in the mid-1970s, but only if the PSBR becomes so great that it will not be readily financeable: relative to gross domestic product, public sector borrowing would have to rise to the £40bn to £50bn range before it might prove really unmanageable, although private sector activity could show some signs of being crowded out even before that.

We are now drifting in a slack period for economic policy. Sometimes politicians have a clear ideological objective, as Margaret Thatcher did in the early 1980s when she squeezed public spending and brought down inflation, and sometimes they respond to external imperatives, as Nigel Lawson did in 1988 when faced with severe overheating.

Thatcher's rigour has bought her successors a big margin of freedom but it is not clear that it will be used wisely. Policy is narrowly focused on winning the next election. The requirement to be upbeat prevents the politicians from talking honestly about the recession and how it might be best put to good use.

A year ago, after all, John Major, then chancellor, failed even to mention the word "recession" in his own autumn statement. His forecasts suggested economic growth of plus $\frac{1}{2}$ per cent for 1990 rather than the minus 2 per cent which is the latest official estimate. Even when the scale of the recession was fully acknowledged in the spring the emphasis was all on a quick upturn.

Sadly, the politicians are in no position to explain that the purpose of the recession is to force an adjustment on the public: they have to reduce their expectations of income, of retail spending power, and of ability to invest in owner-occupied housing.

If Joe Public is sufficiently fearful he may adjust quickly to tough conditions, but if not, the process could be protracted. If Norman Lamont manages to talk up the economy before the transition is achieved, perhaps by inflating "consumer confidence", the economy will remain badly out of balance at the current exchange rate (where even now we are running a significant balance of payments deficit).

Norman Lamont was brave enough to use the word "recession" thrice on Wednesday but the other R-word, recovery, cropped up four times. With luck, the chancellor in another year's time – whoever he may be – will not have to use either, but don't bet on it.